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# West Europe Report

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27 November 1985

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POLITICAL

AUSTRIA

BACKGROUND ON ANDROSCH, SALCHER RESIGNING FROM PARTY POSTS

Vienna PROFIL in German 23 Sep 85 pp 25-34

[Article by Hubertus Czernin, Frank F. Wolf and Alfred Worm: "'We Have To Have Peace!'" ]

[Text] How Fred Sinowatz managed to liquidate Herbert Salcher in order to kill Hannes Androsch. A "family" chronicle by Hubertus Czernin, Franz F. Wolf and Alfred Worm.

Florisdorf was up in arms. "You can do that in Burgenland but not here," hissed a worked-up woman comrade. "We won't let our Hannes be kicked out," wailed a battle-tested section leader. And a veteran party member forthrightly put his finger on what was wrong, saying: "Just mention Kreisky, and I feel like throwing up."

Indignation: movement within the movement.

The party base displayed solidarity with its general manager [Hannes Androsch, general manager of the Credit-Anstalt bank]. Red Falcons in smart uniforms distributed prepared statements of support in the conference hall, district councilors went into a rage, and section chiefs issued their battle cry: "Hannes, we are with you! Hannes, we are at your service!"

Love's labor lost: that Monday night, Hannes Androsch had already lost the big match.

He knew he had--and therefore tried a verbal tightrope dance. He stirred up feelings, encouraged resistance, affirmed his complete innocence and promised not to give up any party post voluntarily. A few words further on, he sought to dampen the revolt, pleaded for restraint and even announced that he did not want a judicial confrontation with Herbert Salcher, saying: "That would do great harm to the whole SPOe [Austrian Socialist Party]."

Not quite 48 hours later, the people in Florisdorf too learned about the sad party fate of their "boy": an expanded party executive of the district, summoned by telephone in the afternoon, was told by Hannes A. that he had been forced to resign his party offices.



Tumult. The movement was moved. "Hannes, we will not furlough you! We won't allow ourselves to become a laughing stock, comrades!"

As many as three section chiefs wanted to follow their Hannes into the wilderness, and other members of the executive came up with a plan to suspend the payment of membership fees.

That would be 3 million [schillings] a year--not quite half the CA [Credit-Anstalt] salary of Hannes Androsch.

Once again he dampened emotions, asking the comrades to have sympathy for his action. Turning what had actually happened upside down, he said his resignation of offices, limited in time, was "a sign of strength." And if he had not acted with such moderation, "Sinowatz would have turned it into a question to be decided by the cabinet."

In the vote that followed, the Florisdorfers caved in. Among about 40 officials, there were 4 opposing votes.

This removed the last stumbling block on the statute road taken by party head Fred Sinowatz.

And, sure enough, the party chairman on Thursday announced the decisions of the Presidium and the party executive with something resembling serenity:

--Herbert Salcher leaves the Tirol Provincial Executive and the Federal Executive of the SPÖe.

--Hannes Androsch "until further notice" resigns his seat and vote on the "Vienna board" and vacates until 27 February 1986 his post of deputy district party chairman in Florisdorf.

This also deprives Hannes Androsch of the opportunity to be nominated as a delegate to the Federal party congress in November.

--The announced judicial confrontations between Salcher and Androsch have been eliminated by the following "retraction":

"1--There are differences of opinion between Dr Hannes Androsch and Dr Herbert Salcher regarding the action by Dr Herbert Salcher in the financial proceedings concerning Dr Hannes Androsch.

2--In the past few weeks Dr Hannes Androsch has made statements in newspapers, on the radio and on television which in the view of Dr Herbert Salcher touch on his personal honor. Dr Hannes Androsch withdraws these reproaches and assertions in his interview with SALZBURGER NACHRICHTEN of 6 September 1985."

Item 3 of the 19-line declaration, however, restores the two opposing sides to their status quo, stating: "Dr Hannes Androsch and Dr Herbert Salcher will refrain from any further public argument of their differing opinions and not engage in any further proceedings. In the pending proceedings, both sides retain the right to represent their points of view in court and before the authorities."



This laboriously negotiated retraction marks the temporary end of the unending party affair.

Its temporarily final chapter began Tuesday 3 September. In answer to a routine question following the meeting of the Council of Ministers, Fred Sinowatz surprised the journalists gathered every week at the Office of the Federal Chancellor by going on record with a matter that went without saying. In the case of an indictment for tax evasion, he said, the CA general would have to "be suspended from service."

Hannes Androsch understood: the countdown had begun.

But the former vice chancellor did not want to abandon his remaining party posts without a fight. He mobilized his guard of journalists ranging from the PRESSE to the OBEROESTERREICHISCHE NACHRICHTEN, gave a series of interviews, moralized in the KURIER about political hygiene and ethics and in the SALZBURGER NACHRICHTEN on 6 September detailed his reproaches against predecessor [sic] Herbert Salcher by stating:

"You have a case here where a minister initiated proceedings, conducted them and intervened, and even though the aim was that something had to be found, what the initiators thought should happen did not happen. It really is appalling that the attempt was then made to proceed further with an informer's trick and that court instructions have led to no conclusion in 14 months. One simply wants to proceed further. So the suspicion arises that there is method in it. It has been established that Salcher's witness did not exist, that Salcher himself made the anonymous accusations. It is regrettable that the judiciary allowed itself to be used by issuing instructions and cutting off legal action."

Without letup, he continued:

"The whole thing is kept going with tricks, and with criminal offenses established by the authorities.

"What do you mean by criminal offenses?" inquired Gerold Christian of SALZBURGER NACHRICHTEN.

Androsch replied: "Well, my files were made available to the public, and it was admitted that forged documents were being used. Since it has also been established that 'the witness' does not exist and that the anonymous charges originated with Salcher, it is a question of malfeasance, violation of official secrecy, false testimony and deceit. Just as, in the case of the Arab financing of the Conference Center, Parliament was wittingly misinformed during (Salcher's) question hour, and the public deceived. It was a patent untruth and deceit."

When Herbert Salcher learned about this, he telephoned the old man, Bruno K., in Mallorca, threatening to bring charges for slander, provided that party head Fred S. gave him permission to do so.

This fully involved the SPOe, and Sinowatz climbed into the ring.

Already weeks before, Hannes Androsch had begun a media offensive against his hated successor. The skirmish started with the explosive news that Salcher had invented his much-quoted witness. The person who came forth as Androsch's witness was a schoolmate of Salcher's, the Tirolian Max Gessler, who had climbed to a well-remunerated AKH [Vienna General Hospital] post. Following a CA career (with the Austrian Armature Company) which had miscarried, the manager, who was suffering from a serious stomach ailment, had obtained the supervisory post with Salcher's aid and wanted it to be extended.

The fact that he knew Salcher, who at one time had wanted to make him general manager of the [Austrian] Travel Bureau, did not do him any harm in his contract talks. Anyway, he lucked out almost immediately. The discussions concerning his retirement from his CA company after failures amounting to millions of schillings ended in a settlement. Gessler got part of his severance pay and a pension for life. His job of attendant AKH supervisor (paying 12 times 126,000 schillings gross per annum) was extended by 2 years.

And on 2 August he was able to relieve his conscience in a statement edited by Androsch confidant Beppo Mauhart, taken down by Androsch attorney Herbert Schachter and published exclusively in the KURIER. The final version, however, no longer made any mention of the "freely invented Salcher witness."

Thereupon Hannes A. expertly played his role of victim of a retaliation campaign staged by Messrs Kreisky and Salcher.

The tabloids suffered along with him.

Not quite 3 weeks after Gessler's collected stories, the German news magazine SPIEGEL painted a different picture of the glycol republic and its leading representative Hannes Androsch, "who like no other politician embodies the new class of party careerists avid for money and privileges in the Second Republic."

Reporting the Androsch affair in many facets, DER SPIEGEL reproached the CA general with being an "exceedingly successful augments of his own wealth." Its key charge: "The nation's top collector of taxes at the same time was a successful reducer of taxes." To the horror of his party, Androsch declined to sue DER SPIEGEL. Explaining why he did not want an independent court to judge the charge of tax evasion, he said that the German magazine was "not capable of giving satisfaction."

An ugly suspicion sneaked up on leading SPOe comrades--namely, that Androsch was not suing because he was bound to be afraid of the proof of truth (admissible in such a proceeding).

Anyway, the proceedings concerning the purchase of a villa and tax evasion have been dragging on for years.

In 1975 the villa in Neustift had been purchased for 10 million schillings by Androsch's father-in-law, Paul Schaerf.

In 1977 PROFIL detected some striking features in connection with this villa purchase. Where had Schaerf got the money from for making the purchase? How come the Schaerf villa was being inhabited by the Androsch family? Who was paying for the cost of running it, and who was coming up with the funds for the mortgage payments? Was it just possible that the retired insurance company executive Paul Schaerf was acting as hidden trustee for Androsch?

For 3 years these questions remained unanswered, Deputy Chancellor and Finance Minister Androsch describing himself as an "alas-no-millionaire" and victim of the media, and the villa as an "advance against the inheritance" from his father-in-law.

In August 1980 the AKH scandal culminated in a special midsummer session of the National Council. Chancellor Bruno Kreisky defended Androsch against the attacks of the opposition for no more than a minute and in sparse terms--and then listened in silence to a speech by OeVP [Austrian People's Party] Deputy Heribert Steinbauer.

Nervous and speaking in muted tones, Steinbauer dropped a bombshell, presenting to the assembled National Council individual pages from the Zentral-sparkasse [Vienna bank] Schaerf-Androsch file concerning the financing of the villa.

Steinbauer's assertion at that time that the documents had been passed to him "anonymously" caused Heinz Fischer, the SPOe leader in Parliament, to explode. "You swine!" he shouted to Steinbauer.

Actually the amazing documents had been passed by the Zentralsparkasse direct into OeVP hands--and then used by Steinbauer for his aggressive thesis that the villa in Neustift am Walde had been financed with "black" Androsch millions used to secure an inexpensive, all to inexpensive, Zentralsparkasse loan to Schaerf.

Strong denials and tumult in the SPOe and bewilderment at the Finance Ministry! In a Zentralsparkasse extract presented by Steinbauer, there appear (apart from some regular accounts of the Androsch family) three anonymous securities accounts used for financing the villa under the umbrella title "Securities Summary Dr Hannes Androsch."

For the Finance Ministry officials responsible--Division Chiefs Egon Bauer and Franz Manhart and a friend of Androsch, Province Finance Director Friedrich Schneider--this revelation meant that they had to go to work to conduct extremely embarrassing investigations against their own boss--against Androsch.

This investigation was launched by charges being filed against Androsch with the Prosecutor's Office and the Ministry of Finance by the then attorney Michael Graf on behalf of the Vienna OeVP Landtag [provincial diet] speaker, Fritz Hahn.

A small revelation by PROFIL advanced the investigation a little further. Informers had passed to the journal a "self-indictment" by a previously unknown

Senior Medical Officer Gustav Steiner, in which he introduced himself as Androsch's "adoptive uncle" and moreover professed to be the owner of the three "Dr Hannes Androsch" black-money accounts.

Simultaneously with Steiner's self-indictment (which incidentally later was followed by another), a payment guaranteeing immunity from prosecution in the amount of 750,000 schillings was made to the Revenue Office. This revelation by PROFIL caused bewilderment and confusion at the Finance Ministry, because at that time it had not yet any knowledge of the self-indictment.

Then one thing happened after another. First Androsch's Consultatio [consulting service] partner and friend Franz Bauer, and then his father-in-law, Paul Schaerf, came up with self-indictments. Bauer had no connection with the villa; Schaerf did. He had failed to declare to the Revenue Office millions of schillings' worth of severance pay received from his insurance company which had been used for financing the villa. His statement was not complete, however (and, as it turned out later, also false), and he was fined an insignificant amount.

From August to December 1980 the investigators went around in circles--the Prosecutor's Office because, with reference to the confidentiality of taxes, it was denied access to Androsch's tax files, and the Finance Ministry because it did not want to permit penal tax proceedings to be started against Androsch.

The two division chiefs, Bauer and Manhart, took action, noting in the file that no penal proceedings were being started against Androsch because of his parliamentary immunity.

This disposition was unlawful but had the desired effect. No penal proceedings were started against Androsch.

Androsch showed himself ready to cooperate during this phase, stating time and again for anyone to hear that he would grant the investigating authorities access to his Zentralsparkasse files. Behind the scenes he put on the brakes, denying access to the accounts to the Revenue Office until summer 1984.

In the second half of 1980 the lower-level tax authorities nevertheless managed to gather some amazing evidence:

--"Adoptive Uncle" Steiner was never able to explain conclusively the origin of an amount of almost 3 million schillings (plus almost 2 million schillings' interest) which had all gone into Androsch's account but which he said was his.

--A power of attorney made out by Steiner in 1980 was not accepted by the Zentralsparkasse. The bosses of the bank declared that there was no connection between that power of attorney and Steiner's incriminating black-money accounts--and despite Steiner's power of attorney refused access to the accounts to the tax authorities.

--There was every indication that Steiner actually was impoverished and that Hannes Androsch was the real owner of the accounts. At any rate, it was clear



as early as 1980 that Androsch was the sole beneficiary of the alleged Steiner accounts.

Dozens of tax officials went to and fro at that time for months on end, while top officials of the Finance Ministry as early as December 1980 worked on drafts of a clean bill of health for their finance minister. In these, arguments in Androsch's disfavor were perverted in such a way as suddenly to be interpreted in his favor. (In fact, another 3 years passed before penal proceedings for malfeasance were started against these top officials, and these proceedings are still pending.)

OeVP attorney Graff continued to bombard the judiciary with charges and in the process, as cointervenor, gained insight into the judicial penal file. It turned out that the reason why the Zentralsparkasse had charged comparatively low rates of interest in the financing of the villa was that the insurance companies in which Schaerf used to be active had deposited time deposits at poor rates of interest with the Zentralsparkasse, and so an "interest bonus" of 750,000 schillings was credited to the villa file.

When things became tight, Paul Schaerf deposited that amount with the Custodial Department of the Vienna Superior Provincial Court, and that is where it has remained to this day.

Parallel to the investigations directed against Androsch, the relationship between Chancellor Bruno Kreisky and his deputy deteriorated. In poor health at the time, Kreisky had gradually gained the impression that Androsch was determined to succeed him.

Bruno Kreisky went into action, using the tax problems of "the best finance minister of the Second Republic" as leverage. In January 1981 Kreisky definitely decided to relieve Androsch as finance minister and vice chancellor. He summoned Division Chief Manhart and Provincial Finance Director Schneider to render him a report. They both confirmed to him that "everything is in perfect shape as far as the financing of Androsch's villa is concerned."

Thereupon, as far as Kreisky was concerned, the door was open for Androsch to leave the government. On 20 January 1981 he was dismissed as a member of the government (and replaced by Herbert Salcher) and at the same time appointed deputy director general of the CA. Half a year thereafter, Androsch took over the country's "monetary business card."

Appointed for 5 years.

Which means that the current confrontations assume yet another dimension, for in the next few months Sinowatz will also have to decide whether he should name Hannes Androsch once more to the top economic post.

At present there is no indication that he will do so. Sinowatz has to figure on the preliminary court investigations of Androsch leading to an indictment. And besides Hannes has not been all that successful as CA chief either. To put the companies of the concern on a sound footing again, at this very time he will need another 7 billion schillings from the budget.



Quite a bit for an economic miracle doctor.

And the young prosecutor Walter Geyer guarantees that he has shed detailed light on the quite obscure villa financing.

Though he did not initiate penal proceedings against Androsch at the time, he did so against his "adoptive uncle," Steiner. According to Geyer, Steiner was unable to give a credible explanation of the origin of the black-money millions or to contribute to a clarification with a self-indictment. On the contrary, the Revenue Office, he says, concluded tax proceedings all too prematurely and, wittingly or unwittingly, failed to clarify serious contradictions.

The penal investigation against Steiner lasted until 1983, ending only when the "adoptive uncle" died.

On the sly and without reference to the land and estate registry, the Neustift villa changed owners as early as 1981: by donation and purchase not involving any cash, Hannes Androsch and his spouse each became nonregistered half-owners of the villa.

In 1982, with the rumors about the Androsch villa never dying down, the new finance minister, Herbert Salcher, asked the young ministry official Eduard Heiligensetzer to conduct an internal investigation of the Androsch tax and villa file. The strictly confidential examination culminated in the conclusion that Steiner had only been "used" to save Androsch embarrassing penal tax proceedings. By the end of 1982 at the latest, Salcher was fully informed about the inconsistencies of all previous villa investigations.

In the summer of 1983 PROFIL received by mail a complete copy of the Androsch/Steiner/Schaerf/Consultatio tax files. In an examination lasting several weeks, the genuineness of the material was checked, and in September 1983 it was published by PROFIL (No 39 ff) in installments under the title "Classified Androsch File."

Androsch's lawyer friend Herbert Schachter spread the untrue assertion that the material published by PROFIL had been "forged or adulterated." Finance Minister Herbert Salcher apparently found himself constrained by party policy. Against his better knowledge (at any rate, contrary to his knowledge of the different result of the internal investigation), he stated several times in public that the Androsch file had been examined several times and that "everything had been found to be all right." A new examination of the case was refused by Salcher for the time being.

In the fall of 1983, the Revenue Office computer by chance, spit out the name of Androsch, marking it for auditing. Salcher waited 4 months, conducting a nationwide ministerial search for auditors who were not members of the SPÖ or the ÖVP, or the FPÖ [Austrian Liberal Party].

They were found in the Revenue Office Headquarters of Carinthia, where the respected auditor Hofrat ["Court Counselor:] Adolf Panzenboeck was charged with forming an auditing team to examine the Androsch tax case.

Panzenboeck began his auditing activity in spring 1984. With accommodations in the tax school in Erdberger Mais Street in the Third District of Vienna, together with two other auditors, he rummaged through the files of the Androsch family for half a year.

After 6 months Panzenboeck had completed his investigation, noted the results on 3,000 worksheets and rendered a final report stating that after detailed investigations it was not possible to support Steiner's assertion that he was entitled to dispose of the anonymous Zentralsparkasse securities accounts but that these accounts had to be "ascribed to Dr Hannes Androsch."

A week before the scheduled final conference at the Revenue Office, Vienna 21 [Florisdorf], the person in charge of the office had to declare himself to be "biased" because of too great proximity to Androsch's Consultatio offices. The file was transferred to the Revenue Office, Vienna 7, where the final tax conference took place in July 1984.

The head of that office, Hofrat Herbert Kreutz, was overtaxed in light of the short period he had had to prepare himself. Hannes Androsch presented a "chief witness" (a coiffeuse and acquaintance of Steiner's) who declared that "adoptive uncle" Steiner had actually been rich: he often had taken his sister out by taxi and given her flowers.

Despite the fact that Panzenboeck on the basis of Steiner's estate file was able to show that Steiner and his sister were extremely poor, the final conference turned into a triumph for Androsch. By way of a tax notification, he was given a clean bill of health.

Again it was Androsch attorney Schachter who made the (false) assertion that Panzenboeck had withdrawn all his past assertions against Androsch.

The peace lasted only 2 short weeks. As early as July, a couple of anonymous witnesses from the Zentralsparkasse came to see Finance Minister Salcher. One of them, as an "anonymous key witness," was prepared to confirm to Salcher privately that the Steiner accounts were in fact Androsch accounts.

A handwritten note was made of that. Salcher confronted Sinowatz as well as--together--Benya and Androsch with this new development, indicating the possibility of penal charges being filed against Androsch.

Benya tried to call a halt, but Salcher persisted, presenting the charges to the prosecution (after previous consultation with Chief Prosecutor Werner Olscher).

Walter Geyer, the person in charge of the case, in August 1984 opened preliminary investigations against Hannes Androsch on suspicion of tax evasion, which are still pending.

One month later Herbert Salcher was relieved of his post of finance minister. Already at that time, the line now being consistently followed by Sinowatz became clear: kill one former finance minister with another former finance

minister. Fred Sinowatz kept his objective in view--and took action a year later. After returning from a brief visit to his Federal German comrades in Bonn, he met with Hannes Androsch for a brief private talk.

The premises of the encounter: The VIP lounge in the Vienna-Schwechat Airport building. The day: 10 September 1985.

The chairman informed the CA general of his anger about the escalation of the affair and said that the matter would be taken care of.

Androsch understood--apparently only half--and, assuaged, flew to Beijing together with Federal President Kirchschlaeger.

No sooner had the former finance minister arrived in China than executor Sinowatz started the party machine. The two former ministers would have to resign all their party offices. Salcher agreed at once, Androsch appeared in an ORF [Austria Radio and Television] interview. He said he was surprised and hurt and could not imagine that his beloved party would like to repudiate him; moreover no one had got in touch with him.

Hearing the message, Sinowatz was confirmed in his intention to solve the case in radical fashion.

Catching on by now to the fact that it was a matter of his career, his bank life and party death, Androsch cut short his working vacation in China.

When he landed in Vienna at noon on 15 September, the waiting journalists informed him of the latest development. Sepp Wille, the SPOe chairman in Parliament, at an ORF press conference which had ended a few minutes earlier had demanded that the party membership of Salcher and Androsch be suspended.

This escalation of the confrontation had been coordinated precisely by Wille and Sinowatz. The production had worked.

Hannes Androsch had only just time for a media-effective embrace of his wife and daughter at the airport before forming his defense battalions by making various telephone calls.

With Sinowatz, also by telephone, he made a date for a personal meeting.

The chancellor told him to come to see him in his worker's dwelling at 36 Dr-Davy-Gasse in Neufeld. What he had to say was brief: Both ministers would have to resign their offices until further notice because the party neither could nor would get involved in questions which could only be settled in court.

The Androsch-Salcher SPOe liability would have to come to an end.

Androsch was very well prepared and hopeful of being able to outdo the chancellor. He suggested that he would issue a retraction to Salcher and thought this would mean he had done everything in his power and that the matter would thus be got out of the way as far as the party was concerned.

Sinowatz accepted and agreed to a retraction but persisted in his demand for the resignation of offices.

The party chairman thus demonstrated his type of tactics: once he has perceived an objective to be the right one, he pursues it with stubborn persistence and, if need be, with brutal toughness. Equipped with a healthy appetite for political power, the strong-arm yokel from Burgenland if necessary removes obstacles with a crowbar.

Fred Sinowatz had long since decided to take care of (the case of) Androsch.

Almost exactly a year ago, 24 August 1984, he told TV chief editor Rudolf Nagiller in "Politics on Friday" in so many words: "I assume that when it comes to a trial, furloughing will look like the sensible thing to do. If someone is constantly busy in court, he does not have the time to head a bank."

In the year which has passed since, the judicial authorities have been conducting their investigations, and in the past few weeks it became ever more apparent to Fred Sinowatz that the former Kreisky favorite would not come off unscathed in his tax case.

This insider's knowledge caused Fred S. to disassociate the party from Androsch. What is more, the Burgenlander was distinctly disturbed by the immutable claim to power by the CA general, who did not let a single informal, and hardly any formal, conversation pass without offering himself as an alternative--a sound one from the economic point of view--to the slipping party of coalition.

"Chubby" was regularly informed of the scathing remarks by the wiry crack tennis player Androsch. Nor did the chancellor fail to perceive Androsch's signals in the direction of the OeVP.

The banker made the mistake of wanting, with the help of the OeVP, to become the chancellor of a SPÖ-led grand coalition. In foreign gazettes he even let himself be quoted as having issued the fighting slogan: "Finance minister is something I have already been."

When the fight of the two former ministers had reached its high point with Androsch's summer attack in SALZBURGER NACHRICHTEN, the party boss saw his chance to resolve the conflict that had dragged on for years and to eliminate Androsch: Salcher had to leave so that Androsch could not stay.

Sinowatz figured that the party, increasingly enervated by the interminable rows, would probably support him.

A member of the party Presidium analyzes the chairman's political style as follows: "Like Kreisky, Sinowatz does not make policy alone but asks what people are thinking."

Herbert Salcher footed the party bill for Hannes Androsch. He was glad to do so, seeing his departure as the only chance to finish Androsch.



So the Sinowatz-Salcher talk which took place Tuesday after the landing of the first Tyrolean plane from Innsbruck--once more in Schwechat--was a logical result: Salcher confirmed his readiness, previously stated on the phone, to resign all his party offices and to accept a retraction.

Salcher did all this without demur in the realization of having done a service to the party. Hannes Androsch, on the other hand, as late as the previous evening let himself be feted at a 2-hour appearance in Florisdorf as the savior of the SPOe.

In the party, things were seething, but the chairman stuck to his political perception, deliberately executing his plans as he had learned to do when he was provincial party secretary in Burgenland.

Fred Sinowatz is an administrative angel of death.

In talks with Franz Vranitsky and Anton Benya, who had come to see him in the Office of the Chancellor, he assured himself of the support of the most important Androsch promoters.

In the meantime Androsch and Salcher went about drafting a mutually acceptable retraction--of course, not face to face but through intermediaries.

As always, Androsch delegates his case to his lawyer friend Herbert Schachter. Salcher, who has a legal education, did his own drafting but used a highly qualified messenger.

Peter Kostelka, legal expert of the SPOe in Parliament.

Salcher drafted his first maximum declaration. Schachter had to decline and to draft a counterproposal, which Salcher rejected in turn.

So it went to and fro several times, with the party getting into a panic. A high-caliber deputy said with a deep sigh: "We won't have any peace until Hannes sits in the clink."

The sides bargained for hours about every single word. The core of the retraction ("Androsch withdraws these reproaches and assertions...with a feeling of regret") was dictated by Salcher.

The Tirolean has had some experience with retractions. Already on 23 July, Beppo Mauhart had come up with "regrets," withdrawing the reproach of "behavior harmful to the party" in a "Basta" interview.

The game had started even before the party Presidium had assembled last Wednesday, with the party chairman getting pledges of support for his line from the provincial party organizations. The Lower Austrian comrades were the key factor. At a meeting Monday night, they had gone so far as to pass an official resolution by the executive stating that whatever Sinowatz wants goes.



Even in Vienna things went against Androsch. In a series of informal talks, Androsch skeptics of the ilk of an Edgar Schranz (Leopoldstadt), Helmut Braun (Favoriten), Johann Hatzl (Simmering) or Rudolf Edlinger (Waehring) and Deputy Chairman Erwin Lanc prevailed over the ardent Androsch fans Fritz Hoffman (Florisdorf) and Deputy Mayor Hans Mayr (Fuenfhaus), intimately tied to Hannes since the joint days of the AKH debacle.

Leopold Gratz was out of town--as usual.

So Fred Sinowatz had no difficulty prevailing in the Presidium. Even Anton Benya, at first still furious, climbed down.

Only Hans Mayr tried to plead mitigating circumstances for the Florisdorf wrangler. In vain.

At 1800 hours sharp, the deputy mayor had to go from SPOe Headquarters to the nearby City Hall to report to the executive there about what had been decided. Mayr read to the comrades the retraction and a letter by Androsch to Sinowatz requesting suspension from his party offices.

After half an hour this party magic was over.

Helmut Zilk, for his part, at that hour justified his reputation of the ever-present media man, opening at exactly 1800 hours the Vienna Japanese Center for photographers and invited guests.

Thursday, shortly before 0930 hours, the party chairman, accompanied by Press Secretary Gerhard Zeiler, walked slowly to the executive meeting in Parliament. The only thing left for the assembled officials to do was to give their blessing to the Sinowatz coup.

Skilled in creating the right atmosphere for a meeting, the chancellor opened the conference with a report about the brilliant economic developments. He then praised the budget and Franz Vranitzky, heard reports about industrial and economic projects, listened to explanations concerning the saving of the ARBEITER-ZEITUNG and did not cover the "case" until it became time to discuss incidentals.

A vote had long since become unnecessary. Even Fritz Hofmann was content to briefly sum up the capitulation, saying: "From behavioral research I am familiar with the term of 'gesture of submission.'"

Relaxed, Sinowatz then faced the press, allowing the bloody battle to shrink to cultivated Sicilian conversation. "The two friends did this voluntarily," he said.

There had been "clarifying conversations," and "together we reached the result." No official words by the chancellor about the stress test and the fact that he definitely had been forced to put all his prestige as chairman on the line.

The resignation of offices was valid "until further notice," he said, and in response to a question as to the conditions under which the Androsch suspension

would be canceled, he only remarked hesitantly: "There will have to be conversations; one will have to talk with one another."

Fred Sinowatz does not dream of allowing Hannes Androsch to regain any party posts. Fritz Hofmann, on the other hand, did not lose any time to announce an Androsch district revival for late February 1986--when the Florisdorfer will elect their new executive.

A Sinowatz remark made after the solemn laying out of Androsch is therefore ambiguous. "I know that this does not end the debate," he said.

Okay; so it doesn't.

Even with the party maintaining its newly won "distance" (Sinowatz) from Androsch, the court case of Androsch will occupy public opinion also in the future. Even if the two retiring top jurists Christian Broda and Franz Pallin plead for the proceedings to be relegated to oblivion.

While the big government party is now breathing easy, its honorary chairman, Bruno Kreisky, at any rate, says with a realistic attitude gained in 60 years of political life: "I have received quite a number of retractions which then were not abided by."

P.S. So far neither Hannes Androsch nor Herbert Salcher have formally signed the retraction.

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POLITICAL

DENMARK

# GLISTRUP SEEKS COMEBACK AS PROGRESSIVES HOLD CONGRESS

## Tighter Immigration Legislation Demanded

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Article by Hans Jorgen Poulsen and Kim Barren]

[Text] The Progressive Party wants immigration laws changed so that the police can turn foreigners away at the border, the national chairman said at the Progressive Party's congress in Alborg.

"We will not put up with the invasion of foreigners Denmark is exposed to. The new immigration act must be changed back to the form it had prior to 1983.

"This means that the police must once again have the authority to turn foreigners back at the border. Under the old law Denmark took in only a limited number of real refugees," said the chairman of the Progressive Party, Folkeeting member Helge Dohrmann, in his speech yesterday to the party's national congress in Alborg which was attended by 400 to 500 delegates from around the country.

"Denmark should not become a sealed country but many Danes cannot afford the things that are offered to foreigners," added Dohrmann, who mentioned free housing, furniture subsidies and \$1,000 spending allowances.

"The law must be changed but this should not penalize those who have already come to this country," Helge Dohrmann said.

In his speech to the congress the chairman expressed regret that the party has been unable to regain the trust the voters had in the party in the 1970's. "It has come to the point where we are very lucky to have our proposals mentioned at all in the daily papers. We have a credibility gap that we must overcome."

Helge Dohrmann made a sharp attack on the government, its parties and its ministers, saying among other things: "The government has gone to sleep. One can deceive the people for 2, 3 or perhaps 4 years, but in the end it will be the Progressive Party that reaps the benefit of hundreds of thousands of available votes.

"The tax reform is the worst thing that was agreed to. It is as if the tax minister has signed his name to Mogens Lykketoft's proposal from 1982," said the party chairman, who also made a violent attack on Fisheries Minister Henning Grove's handling of Denmark's interests in EC.

He also said that in the new session of Folketing the Progressive Party would propose an immediate repayment of compulsory savings accounts.

#### Coalition Government

In the political debate public accountant Henrik Warburg, a member of the Progressive Party from Horsholm, said that the party should not be regarded as racist even if it is critical of the government's policy relating to foreigners. He saw this as just one detail in Denmark's overall problems.

Warburg also said that Denmark's next government could be an SKR [Social Democratic-Communist-Radical Liberal] coalition since the Liberal Party has begun to define its ideological profile.

Many delegates wanted to have the floor after chairman Helge Dohrmann delivered his speech.

Criticism of the nonsocialist government was a recurrent theme in many of the speeches but there were also delegates who felt the Progressive Party should search itself before it started taking potshots at its opponents.

One of those favoring self-criticism was Aage Brusgaard of Nykobing Mors who asked the group what the party had done wrong that would explain the loss of so many voters.

"If our criticism was accurate we should have received 30 percent of the votes, but that was not the case," he said, adding that he felt the party paper, DET NY FREMSKRIDT, should take a large part of the blame because of its lack of credibility.

Gunther Kley of Sonderjylland County was glad that the party's Folketing group concentrated on Denmark and Danish problems rather than concerning itself with conditions in South Africa, Nicaragua and elsewhere.

#### Leadership Weighing Racism Charges

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Article by Hans Jorgen Poulsen and Kim Barren]

[Text] The executive committee of the Progressive Party will discuss the case of the two members who made statements regarded as racist 3 weeks from now. The membership of six others will be evaluated.



Two members of the Progressive Party who had been banned from participating in the party congress in Alborg this weekend because of their racist attitudes turned up anyway but were not allowed to attend. When they tried to sign up with the delegates they were turned away.

One of them, Jorgen Arum of Lyngby-Tarbaek tried to push his way through and an Alborg Hall attendant had to intervene. After that five of the six doors into the hall were closed.

The episode was based on the decision the Progressive Party's executive committee made to the effect that Jorgen Arum and Steffen Guy Christensen of Copenhagen should not show up at the congress.

Their admission fee has been returned and in 3 weeks their case will be taken up by the executive committee of the Progressive Party. The committee has already discussed expelling them but it could not get a majority to agree on this step. The two who were refused admission will have an opportunity to plead their case to the executive committee 3 weeks from now.

The Progressive Party has a list of names of another six people whose membership will be reviewed because of their alleged attitude toward foreigners.

A definite expulsion requires the support of five out of the six executive committee members according to the party's bylaws. The composition of the executive committee that will be elected this afternoon may determine whether party members will be expelled because of attitudes that are regarded as racist.

Behind the episode can be discerned traces of the debate that has long been going on concerning the Progressive Party's attitude toward foreigners who have settled in Denmark as guest workers, political refugees or for other reasons.

There were only sporadic references to the problem of foreigners during the afternoon's debate. Mogens Glistrup did not speak out in the debate but turned up on the stage to drive a nail into a Progressive Party banner. Today Mogens Glistrup will deliver the final speech before the congress breaks up.

As guest speaker yesterday the Progressive Party had invisted Mehran Vahman, chairman of the Iranian Society of Denmark.

Vahman, who has lived in Denmark for 10 years, said of the Danish attitude toward refugee problems that this is typically an issue Danes like to discuss but would rather not look at. He felt it was a positive sign that the Progressive Party wants to purge itself of elements who advocate the views on foreigners that were put forth by Mogens Glistrup.

"I have no illusions that my presence here will alter the party's policy but I want to try to clarify what it is like to live in a country like Iran where human rights have been suspended." Vahman then went on to give a long account

of how conditions in Iran developed under the shah and after his fall and the ayatollahs' seizure of power.

"There are forces in the Progressive Party that want to make the refugees into scapegoats for everything that is wrong in this country and they are trying to enlist the support of others. This tendency is both dangerous and deplorable," said Mehran Vahman.

When the chairman of the Iranian Society finished his speech he was loudly applauded by the majority of the delegates.

When he was asked afterward how he interpreted the applause he replied: "I think it was mainly due to politeness."

#### Glistrup's 'Racist Comments' Cited

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Article by Steen Ankerdal and Kim Barren]

[Text] Bernhard Baunsgaard (Radical Liberal) and sociologist Jacques Blum were surprised by the response of Justice Minister Erik Ninn-Hansen (Conservative) concerning Mogens Glistrup's racist statements.

"I am both surprised and concerned. Evidently there is a distinction between certain kinds of people. The 'green jackets' from Osterbro and journalists on TV are not allowed to make racist remarks but nothing happens when Mogens Glistrup talks about racism and violates Paragraph 266 B of the penal code."

This was the comment made by Radical Liberal Folketing member Bernhard Baunsgaard on the response he received from Justice Minister Erik Ninn-Hansen (Conservative) after the minister decided not to overrule the prosecuting authority's decision not to charge Mogens Glistrup with violation of Paragraph 266 B of the penal code in connection with the racist statements the former leader of the Progressive Party made after his release from Horserod State Prison this March.

The response from the justice minister said: "The Justice Ministry finds no reason to overrule the decision of the prosecuting authority. The decision by the Justice Ministry was made with reference to past judicial practice in the area and in this context to the preliminary work that led up to the wording of the provisions in Paragraph 266 B of the penal code."

Sociologist Jacques Blum who backed the charges against Mogens Glistrup is also amazed by the response from Erik Ninn-Hansen. "The justice minister is evidently unwilling to make an unpleasant decision for fear of the media coverage or martyr status Mogens Glistrup would achieve," he said to BERLINGSKE TIDENDE.

Both Bernhard Baunsgaard and Jacques Blum find it hard to see the difference between what Mogens Glistrup said in March and the sentence on racist statements that was handed down by Tarnby Court in 1979 when a man was sentenced to pay 10 finds of 200 kroner apiece for a letter to the editor in which he wrote: "I admit that I would rather see foreign workers return home than have them abuse our social system while destroying our young people on the side through the sale of drugs for their own venal purposes."

Mogens Glistrup said among other things: "Iranians are involved in stabbings and have a tradition of using narcotics of various kinds which they have allowed to flow in over Denmark."

"Legal advisers in the ministry must have had a bad taste in their mouths while they were preparing their response to Baunsgaard. As far as I can see the reasons for the response were more political than judicial," said Jacques Blum who also found it strange that the equality before the law, which is normally the rule in Denmark, was not in evidence in this case.

"Charges were brought against two TV journalists for reporting remarks and since the minister himself admitted that there were dubious points in connection with Glistrup's remarks he should have been prosecuted," said Jacques Blum.

#### Glistrup Candidate in Local Elections

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Text] The founder and honorary member of the Progressive Party, Mogens Glistrup, is now trying to make a comeback on the political scene. He is running as the party's leading candidate in Lyngby-Tarbaek municipality in the upcoming municipal and county elections on 19 November and he is running as the leading candidate in the county council race in Copenhagen County.

Today Mogens Glistrup functions as an unpaid consultant for the party's four-man Folketing group and he also gives advice on tax matters.

It is also doubtful whether Mogens Glistrup can remain in the so-called honorary home on Hummeltoftevej in Virum that the Progressive Party bought for him at the beginning of 1980 at a cost of 1.1 million kroner.

His accounts for this year are all right but next year many of the 3-year agreements on economic assistance that were signed by party members are due to expire.

Scholar Expects Continued Decline

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Article by Hans Jorgen Poulsen]

[Text] "After Mogens Glistrup was 'put on ice' the people who were left did a very poor job of running the party. The present party leadership seems to lack people with the demagogic force for political agitation," said Professor Tage Kaarsted, a contemporary historian who predicts that people on the right wing will sit out the next election.

Can the Progressive Party survive as a Folketing party when it is rated as low as it is at this time?

BERLINGSKE TIDENDE asked contemporary historian Professor Tage Kaarsted, Ph.D., of Odense University to look into his crystal ball--and we received this answer: "When things started going downhill for them a couple of years ago I was of the opinion that there was a bottom limit for the number of Progressive voters.

"But developments in the last few years have shown that those who are left have handled things very poorly. In the present leadership there seems to be a shortage of people with the demagogic force for political agitation. Therefore it is hard to say now whether or not the Progressive Party will disappear altogether."

Tage Kaarsted finds it "remarkable" that "the social conditions the Progressive Party benefited from in 1973 still exist to a large extent, high taxes, a large number of public employees and constant changes in the structure of society.

"These facts make it clear to me that politics is also a psychological question to a large extent, even though the current government can point to concrete results.

"Under these circumstances the current government--and especially the Conservative Party--has managed to steal the Progressive Party's thunder.

"With regard to the other side of the coin, how the party manages its affairs, the party apparently was and still is so internally divided that one sees Progressive politicians going their own way on municipal councils and in Folketing. I view the lack of internal cohesiveness as a serious risk for the party."

Vacuum on the Right?

Prime Minister Poul Schluter has said that he would not reject the model of society that the Social Democrats helped to create. Doesn't that leave a vacuum on the right that the Progressives can utilize?



"There are certainly people who will say that there is a vacuum on the Danish right wing and that the present government has modeled itself too much along the lines of the VKR [Liberal-Conservative-Radical Liberal] coalition from 1968-71 but this group is smaller than it used to be. And would this group want to vote for the Progressive Party?

"That is a hard question to answer.

"For what is the Progressive Party today? It is conceivable that people who feel the need for 'something' on the right wing will decide to stay home in a future election."

Some people also think they can discern some unpleasant tendencies just beneath the surface of modern society. Could these be channeled into support for the Progressive Party?

"If you are referring to the issue of foreigners that is a very sensitive problem. No matter how many warnings are issued about the cultural clashes that can arise the Progressive Party will be labeled as an advocate of racism. The proper thing to do is to add up the number of refugees. This shows that the problem is not as great as it is made out to be. Of course there are substantial regional variations. In some places the problem is entirely unknown.

"All in all I do not feel the problem is great enough to sustain a party. Progressives are unable to adopt a sufficiently strident tone for fear of antagonizing too many people."

How should we evaluate Mogens Glistrup's role in the years ahead?

"Yes, what position will he have and what opportunities will come his way? Is Glistrup still attractive enough? There are signs that he no longer commands the attention of the media. There is no colorful figure to take his place and make an impact with simple messages.

"I feel that is a serious drawback for the party."

#### Helge Dohrmann Re-elected Chairman

Copenhagen BERLINGSKE TIDENDE in Danish 29 Sep 85 p 12

[Article by Hans Jorgen Poulsen and Kim Barren]

[Text] The national chairman of the Progressive Party, Helge Dohrmann, told the congress in Alborg yesterday that he is ready to serve another year as party chairman.

"But I will not be cross if you do not reelect me," he added. "I am willing to serve another year as chairman and I will continue my work in Folketing in any case."

His statement received so much applause from the group that it indicated that Dohrmann will win reelection as party chairman this afternoon.

Helge Dohrmann, who has been a member of Folketing ever since the Progressive Party was first represented there in 1973, will not be present when the congress elects the party leadership today. His daughter is being confirmed in Vojens Church and he did not want to miss this family occasion.

Two of the five members of the executive committee are up for election today. They are Lene Glistrup and former party secretariat leader Lise Simonsen.

Folketing member Pia Kjaersgaard has received several invitations to serve on the executive committee but she told BERLINGSKE TIDENDE that she wants to devote herself to her work in Folketing. The executive committee, of which Mogens Glistrup is a lifetime honorary member, has been the source of extremely bitter internal disputes in the past.

#### Membership Disaffected with Leadership

Copenhagen BERLINGSKE AFTEN in Danish 4-10 Oct 85 p 2

[Commentary by Solveig Rodsgaard]

[Text] The still active grass-roots level in the Progressive Party is critical of the Folketing group's passivity and Mogens Glistrup may become a problem for the party. At the same time many members want to put a lid on the refugee debate.

"When a movement gets big history shows that internal divisions are the result. We must avoid that."

This prophetic remark was the first greeting to 27 other new Folketing members who had been elected to represent the Progressive Party in the landslide election of 1973. This admonition was delivered by the party's founder, Mogens Glistrup. Later developments, especially the Progressive Party's most recent congress in Alborg last weekend, have shown that his words were relevant. Mogens Glistrup's Progressive Party now has only four Folketing members and there is an obvious lack of fighting spirit and vision.

In 1973 Mogens Glistrup also said: "Our party is probably of international importance. Therefore we cannot engage in petty party disputes. Reciprocal peace and tolerance must prevail." Peace and tolerance were precisely the things that have not been characteristic of the Progressive Party. It is hard to say if the internal conflicts were the cause of the Progressive

Party's dive in some recent opinion polls to a point around the cutoff level. But the intervening period of almost 12 years in Folketing has been a constant downturn in any case, with the biggest blow from the voters coming in the election of January 1984 when 10 of the party's 16 seats disappeared. Presumably the primary beneficiary was the Conservative Party which had once lost a large part of its voters to the new Progressive Party. After the election another two members of Folketing disappeared--Ole Maisted founded the Free Democrats and John Arentoft became the 43rd member of the Conservative Party's Folketing group. Today the Progressive Party is an insignificant political party. The government has no use for the party's votes and the other opposition parties do not actively seek cooperation with the four Progressives.

#### Mastodon

The real reason for the decline of the Progressive Party is probably not clearcut. But Mogens Glistrup's personality undoubtedly plays a central role here. While at one time he was the unifying figure with almost magnetic appeal he is now to some extent the person who is dividing the party.

No longer can Mogens Glistrup hold a large audience spellbound with his remarkable verbal innovations when the political text has to be spelled out. Although he is still a speaker of far above average caliber and one of the few people to speak without a manuscript even on lengthy and complicated issues, the magnetism and the undiluted enthusiasm for him have disappeared.

Of course Mogens Glistrup has his supporters but now he also has opponents within the party and they are no longer quite so afraid to speak out.

An example of this is Aage Brusgaard of Mors. He represents the real grass-roots level of the party and he has made a great personal effort to make sure that the Progressive Party in Mors is of real significance in municipal politics.

At the party congress in Alborg Aage Brusgaard called for a written ballot on a proposal to amend the party's bylaws, for "when Glistrup is against something people are afraid to put up their hands. Everything gets buried if Glistrup is opposed." He was backed up by another delegate to the congress, Harry Norreskov: "Most people follow the mastodon. And although we admire him, he has faults just like the rest of us."

#### A Pioneer's Opinion

One of those who can see the faults is former party secretary and head of the party secretariat at Christiansborg Lise Simonsen. She was one of the pioneers in the Progressive Party and in the first hectic period Lise Simonsen was the organizational motive force of the Progressive Party, the person who got the party up on its feet. She has had many skirmishes with Mogens Glistrup and with various national chairmen and group chairmen and last year she and several other people were fired from the party's secretarial

staff, officially in order to save money. Lise Simonsen was elected as a member of the executive committee at last year's congress but she did not want to run for reelection this year, saying that the executive committee was much too passive. It is obvious that in many areas Lise Simonsen is persona non grata today in the party for which she has worked for so many years so she is not an entirely impartial observer of the Progressive Party. But at least she knows what she is talking about when it comes to the Progressive Party and according to her the prospects for the future are not bright.

"I have never been able to understand why people are afraid of Mogens Glistrup in some way. Of course I have seen him steamroller people into the ground. And he has tried that tactic on me. But I have not been affected by it and I cannot understand why it influences other people," Lise Simonsen told us.

She went on to say: "The future holds some possibilities for the Progressive Party on the national political level. Things are less promising on the local political level and it is hard to get people to run in local elections.

"But the party has a chance on the national political level if it retains the sensible points in its program and drops the unfortunate ones, such as the refugee issue. There are many Conservative voters who feel that the Conservative Party has moved too far toward the center and it is up to the Progressive Party to convince the voters that it is worth voting for this party. But I think the Folketing group is quite passive and the congress has hardly been encouraging. And in this situation I would like to see Mogens Glistrup make use of his undeniable capacity for work in the economic and tax policy areas where he could prepare material and detailed plans for the party and the Folketing group."

Lise Simonsen is still a Progressive Folketing candidate in Gladsaxe and she said she has no intention of leaving the party.

"I couldn't do that. I have helped build it up from the very beginning and I feel that the party is my favorite child. At the moment it is a somewhat unruly child, of course. But it will probably grow up sometime."

#### Glistrup's Visions

The Progressive Party's lack of opportunities to exert parliamentary influence has apparently made it difficult for the four remaining members to maintain the spark of enthusiasm. At any rate it was a common theme at the congress that the Folketing group and the Christiansborg secretarial group are too passive, colorless and disinclined to take the initiative. There was also criticism of the fact that local Progressive members around the country have a very hard time getting hold of party material, which makes it difficult for them to make an impact at local meetings.

Evidently Mogens Glistrup does not exactly share this view of the party's condition. He saved his ammunition for the end of the congress when he had



an opportunity to give the delegates some parting words. His speech went along these lines: "It is wonderful to be a Progressive. It is wonderful to live in the pioneer spirit of the Progressive movement....In the years since our party was founded we have been the only ones who could speak the truth and show the way forward....The reason why it has been hard to hold to the Progressive line in recent years is that a flood of Schluter bacteria has swept over the entire country....Millions of Danes are Progressives but they do not realize it."

In the speech Glistrup lashed out at the nonsocialist government, the Radical Liberals and the Social Democrats and then said that the Progressive Party was the only hope.

And he concluded by saying: "There is no rush for those who believe. There are new forces everywhere to replace the old ones who fell by the wayside. And when we now go home after this congress we will make a tremendous effort to make the Progressive Party the country's leading party. The future belongs to the Progressive Party."

It is hard to say whether these visions will be borne out. But the approximately 600 people attending the congress, each of whom paid up to 1500 kroner to be able to take part in the annual party gathering, did not seem too convinced that it would be possible to get millions of Danes to acknowledge their progressive attitude to the point where they would also vote for the Progressive Party on election day.

But whether they believed him or not, the group gave Mogens Glistrup a standing ovation.

#### Refugee Act

Only one other speaker at the congress could measure up to Mogens Glistrup as far as applause was concerned. And paradoxically enough he was an immigrant--the chairman of the Iranian Society of Denmark, Mehran Vahman, who has lived in Denmark for 10 years. Guest workers, immigrants and refugees are special targets for the attacks of Progressives and it is to the credit of the party's executive committee that it decided to invite Mehran Vahman to act as guest speaker at this year's congress.

Incidentally the internal conflict in the party over guest workers and refugees had become so intense in the period before the congress that the party's executive committee tried to expel two Progressives who had used strong language in characterizing foreigners. However the executive committee had not agreed on the case the evening before the congress began and the expulsion will now be discussed by the new executive committee very shortly. But the two members were barred from attending the congress and there was an incident when they tried to push their way into Alborg Hall.

But Mehran Vahman came as guest speaker and many had looked forward to his reception with some nervousness. However he received a big round of applause

when he mounted the speaker's platform--where he delivered a very strong speech in excellent Danish. When he stepped down he was greeted, like Mogens Glistrup the next day, with a standing ovation from the delegates, although some demonstratively remained seated and refused to clap.

The confrontation between the Iranian and the Progressive Party congress was anticipated with some anxiety on both sides and national chairman Helge Dohrmann tried at the beginning of the congress to put a lid on the expected debate for and against refugees and guest workers. He said the criticism should be aimed at the refugee act and not the people who have been granted asylum in Denmark as a result of the act. Helge Dohrmann said he would be "unhappy if the congress is characterized solely by a discussion on refugees."

At least on Saturday when Mehran Vahman was guest speaker the congress behaved itself. But on Sunday there were incipient verbal attacks, some of which were headed off by the heavyhanded leadership. It is obvious that most Progressives would like to clearly refute the charge that the Progressive Party is a racist party.

6578

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POLITICAL

DENMARK

## POLLS VIEWED AS CATALYST FOR SEEKING COALITION PACTS ON LEFT

### Socialists Gain in Poll

Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 85 pp 1,6

[Article by Carl Otto Brix: "September Gallup Poll Shows Advance by Social Democrats and Conservatives"]

[Text] The poll shows that the voters are drawn to the two largest parties, with more going over to the non-socialist wing than to the left.

The first Gallup Political Index following the Folketing vacation leaves no doubt that:

The voters are drawn to the two major parties, each on its own side of the middle line, the Social Democratic Party [S] and the Conservative Party [K].

### Combined Loss

The other signal is that the division between right and left is very sharp, and that the government can only have a majority of seats if both the Radical Liberal Party [RV] and the Progressive Party [FRP] are included in the count.

The three government parties, the Liberal Party [V], the Center Democratic Party [CD] and the Christian People's Party [KRF] all had losses in voter support. CD's loss, however, is not so great as to cost it any seats.

On the other hand there are disadvantages for RV, which obviously is paying a high price for its role as a supporting party. The figures for V are the worst since the election. The Socialist People's Party's [SF] success from the election is maintained, but the Gallup figures indicate that the party has peaked.

### Four Seats Not Included

The Gallup results do not give seats in the Folketing to any new parties.

The two seats from Greenland and the two from the Faeroes are not included in the survey, which therefore includes the 175 Folketing seats from Denmark proper.

Since the election of 1984 two members have left the FRP. John Arentoft went over to K, and Ole Maistedt formed his own party, The Free Democrats.

<u>Party</u>	<u>Gallup</u>	<u>Election 84</u>
S	59	56
R	7	10
K	47	42
SF	22	22
CD	8	8
KRF	4	5
V	20	22
VS	4	5
FRP	4	6
Free Dems.	0	1

#### Political Index

Question: If the Folketing election were tomorrow, for which party would you vote? Polling period was 7 September - 20 September 1985.

<u>Party</u>	<u>10 Jan</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>Aug</u>	<u>Sept</u>
	<u>1984</u>	<u>1985</u>	<u>1985</u>	<u>1985</u>	<u>1985</u>	<u>1985</u>
	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>	<u>Pct.</u>
S	31.6	32.8	30.8	32.1	31.4	33.0
RV	5.5	3.4	4.3	5.7	4.6	4.1
K	23.4	24.2	24.0	24.3	23.7	26.2
DR	1.5	-	-	-	-	-
SF	11.5	14.4	15.9	14.2	13.4	11.9
The Greens	-	-	-	-	-	-
Int. Soc.						
Workers	0.1	-	-	-	-	-
Communist	0.7	-	-	-	-	-
Marx-Len.	0.0	-	-	-	-	-
CD	4.6	4.3	3.6	2.9	4.3	4.3
KRF	2.7	-	2.2	2.52	3.2	2.4
V	12.1	11.5	11.5	11.9	11.6	10.8
Soc.Left	2.7	-	2.2	2.1	-	2.3
FRP	3.6	2.4	3.1	2.8	2.7	2.3
Other *	-	7.0	2.4	1.5	5.1	2.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

\* - Parties with less than 2 percent of the votes.

Reproduction only with citing Gallup and BERLINGSKE as sources.



Socialist People's 'Charm Offensive'

Copenhagen AKTUELT in Danish 10 Oct 85 p 10

[Editorial: "New Majority"]

[Text] The latest opinion polls have brought Ebba Strange of SF [Socialist People's Party] out in a new charm offensive in the expectation of a workers' majority--but the policies of SF are such that the Social Democrats must necessarily reconnoiter in another direction, according to HORSSENS FOLKEBLAD. That is a comment which could be typical of the Liberal Party's opinion of the existing possibilities for the opposition parties.

The situation is now more interesting. The results of the opinion polls suddenly indicate that the success of the Social Democrats and SF have taken on real possibilities--while in exchange the nonsocialist bloc will not have a majority without the help of the Progressive Party. And that support will of course depend on whether the Progressive Party is still in the Folketing after the next election. But an additional interesting circumstance in the current situation is that SF's Ebba Strange has begun to ponder over the absurdity that his large party is completely without influence! Even the Christian People's Party's few seats mean more in Christiansborg than SF's many. Such a weary political journey is naturally frustrating. The most likely possibility is the Social Democrats, who are not interested in formalized agreements or plans for a theoretical future, but who have a program which they will try to realize and will use all possibilities for a majority toward that end. For example on the question of social restoration over a broad front, they want to introduce an arrangement for mandatory distribution of surpluses and a more equitable distribution policy.

The Social Democrats are not unsympathetic toward cooperation on a socially rational and realistic economic policy. Liberal newspapers should make no mistake about this. Neither should SF.

Socialist People's Support for Socialists

Copenhagen BERLINGSKE TIDENDE in Danish 23 Oct p 6

[Article by Carl Otto Brix: "SF Invited to Join in Government Alternative"]

[Text] A dilemma for the party which appears to be the country's third largest. Gallup gives Socialist People's Party 21 seats.

The Socialist People's Party has again been pointed out as the necessary support for the Social Democrats to be the alternative to the nonsocialist government.

The Semi-Skilled Factory Workers' Association, in spite of both historical perspective and ordinary seat counting, is trying to build on the ruins of "The Red Cabinet"

### Polls

None of the polls since the election in January 1984 have indicated that the Social Democrats can get a majority in an election together with the Socialist People's Party alone. They need more parties with them. Naturally the Left Socialist Party, but also--no matter how much it hurts--the Radical Liberal Party.

The period from the election in 1981 until the Anker Jorgensen government relinquished control in September 1982 gives a perfect example of how cooperation works out between the Social Democrats and SF on one side and the radicals on the other.

Anker Jorgensen had to run from pillar to post, from Petersen to Petersen (Niels Helveg and Gert) in order to discuss the serious problems confronting the government. The two gentlemen could not sit at the negotiating table together.

### Disagreement on Economic Policies

Relations between the two parties could hardly be expected to be improved following a Folketing election. They have many common features, but they totally disagree on economic policy, and so they also have different fates. The Socialist People's Party has become a large party without influence, while the Radical Liberal Party, which is half as large, has the influence of a party with twice as many seats.

It is that which is decisive.

### Results

One of the questions following a Folketing election is whether SF is tired of wandering on the desert as it has long been doing, or whether there now are forces in the party who want to see results; they have been rather humble.

There are a few indications that a settlement is coming in SF between the pragmatists and the fundamentalists. Chairman Gert Petersen has made a small opening in the defense and security policy area, and the market policy spokesman Steen Gade has been about to admit that the Common Market exists and that Denmark is a member of it.

### The Red Cabinet

They are naturally called to order, and there is reason to be apprehensive about admitting reality. When SF created the parliamentary foundation for

Jens Otto Krag's Social Democratic government 1966-68 (The Red Cabinet), the party split, and the same chain reaction took place, although less dramatic and in reverse, when the so-called Larsenists revolted against the passivity of the party.

SF went along hesitantly on some of the unpleasant interventions begun by Anker Jorgensen's Social Democratic government, but otherwise the party has neatly avoided soiling its hands.

The odd thing is that they have made up.

### Third Largest Party

Gallup now gives SF 21 seats--one more than in the election. Although the Liberals are clearly in a decline, the country's third largest party is lying fallow, and has during most of the 25 years it has been in existence.

There is no doubt that many of the gifted politicians in SF's Folketing group are eagerly clutching at the invitation from the Semi-Skilled Factory Workers' Association. They want to be where the decisions are being made, but they are forgetting the experiences of the past. There is no risk in sticking to political theory.

### Clear Signals

If after the next election--or the one after that--the Social Democrats come to the point where they will form a government, then the hour of truth will arrive for SF. The Social Democrats have decided that SF will be invited to join in the government. SF would certainly prefer to avoid making that decision, but the voters can not continue to make SF one of the country's largest parties without wanting it in the fast lane where the action is. It would not be sufficient to give good advice and cheers from the sidelines.

### CP Chairman Urges Unity

Copenhagen AKTUELT in Danish 13 Oct 85 p 12

[Article by RB/-bim: "Unity Desired on Leftwing"]

[Text] DKP [Communist Party of Denmark] is appealing to The Social Democrats [S], The Socialist People's Party [SF] and The Left Socialist Party [VS] to create "an alternative policy to the Schluter government." DKP is surprised that the Danish shipyards are having a crisis, when socialist countries can not place orders in these yards.

Now there will be unity on the Danish leftwing about standing together for "an alternative policy to the Schluter government."

This was advocated by Jorgen Jensen, chairman of DKP, at the party's national congress held at Ejby School in Odense last weekend.

He thereby appealed to the Folketing groups of S, SF and VS by inviting them to join in the fight against the nonsocialist government.

The DKP chairman made three demands which he assumes that the three opposition parties can agree with.

In the first place a clear dissociation with and rejection of nuclear weapons in Danish waters or on Danish territory, based on the presence of the American battleship USS Iowa in a Danish port.

#### Proposed EC Election in November

In the second place a referendum on the political EC union at the same time as the municipal elections on 19 November, and in the third place to prohibit multinational corporations from transferring capital and jobs abroad. This is in reference to "A. P. Moller's manipulation of the economic circumstances surrounding oil and gas production in the North Sea and the placing of orders for ships in Holland."

The DKP chairman desires that an impartial commission be established which will thoroughly investigate the activities of the Danish Underground Consortium [DUC] in the North Sea. He said that because of the A. P. Moller manipulations the congress would send an appeal to the police for an investigation of DUC's economy and activities.

At the congress Jorgen Jensen also advocated a "fruitful political alternative originating in the parties and organizations of the labor movement." He demanded social restructuring with the elimination of the waiting period in medical insurance, regulation of maintenance allowances and offering jobs to all. Finally DKP continues to demand nationalization and intervention to stop the flight of capital.

#### 'Why Refuse Orders From East Bloc?'

Jorgen Jensen also spoke of the shipyard crisis, and he expressed surprise that thousands of jobs are in danger at the same time as socialist countries are trying unsuccessfully to place orders in Danish shipyards.

According to Jorgen Jensen, East Germany has tried 11 times in the past year to place orders for repairs and new construction in Denmark, but reached an agreement only once. The Soviet Union is trying today to place orders for passenger ships, ferries, refrigerator ships, supply ships for offshore oil rigs, lumber ships, container ships, fishery inspection ships and tankers.

"The socialist countries require the best terms, and DKP has worked to get orders for refrigerator ships, among other types, for Alborg. One can hardly expect the workers in the socialist countries to pay a premium in order to fatten up Danish capitalists," said Jorgen Jensen, who believes that there are secret connections between the financial groups behind the steel mills, shipyards and shipowners.

POLITICAL

FINLAND

FOREIGN MINISTER: CP SPLIT NO THREAT TO USSR, FINNISH TIES

Helsinki HELSINGIN SANOMAT in Finnish 23 Sep 85 p 12

[Text] Foreign Minister Paavo Vayrynen (Center Party) said that splitting the Finnish Communist Party (SKP) would have no effect whatsoever on Finland's foreign policy line. "Finland's foreign policy line will continue to be a firm one regardless of how the SKP's internal situation develops," Vayrynen stated in an interview with the Oulu magazine KALEVA on Sunday.

Vayrynen did not judge the letter sent to the SKP leadership by the Communist Party of the Soviet Union.

According to the letter, Communist participation in the parliamentary elections in separate election coalitions "would noticeably weaken the position of President Mauno Koivisto's democratic forces, which constitute the basis for a foreign policy line aimed at friendship and cooperation with the Soviet Union. As a result, a new disposition of political forces benefiting the Right would in fact take shape in the country, one which would inevitably reverberate in a negative way on the country's foreign policy line."

According to Vayrynen, "the Paasikivi-Kekkonen line is on such a firm and strong foundation that it will not change because of this."

Speaking of the government's post-parliamentary election alternatives, Vayrynen said that a joint Center-Right government is not an alternative that is to be excluded.

He nevertheless reminded us of the positions adopted at the party congress. "In them a broad government alternative in which the Center, the Social Democrats and the Conservative Party would participate comes into prominence."

Vayrynen also repeated the conditions set by the party congress for a purely nonsocialist government: It must stress the Center in terms of strength and political policy. Furthermore, we place greater importance on a Center-Left coalition than on a nonsocialist alternative."

Center Party secretary Seppo Kaariainen earlier asserted that the Conservative Party has moved so far to the Right that it is not fit to serve in the government. In Vayrynen's opinion, "the Conservative Party should ponder its own action line and strive to maintain its ability to cooperate with the other parties."



"If the Conservative Party continues to make its policy line more uncompromising, the danger is present that it would be impossible for it to cooperate with the government because of the Conservative Party's weakened ability to cooperate."

In the interview Vayrynen also voiced his hope that Finance Minister Ahti Pekkala (Center Party) would continue to be active in politics. It is suspected that Pekkala will be transferred to become the governor of Oulu Province.

Vayrynen admitted that Center Party leaders had told Pekkala of their attitude, that he should stay on. "The decision is, however, his affair. We will respect his decision."

11,466

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POLITICAL

FINLAND

CONSERVATIVE ON CPSU, SKP TIES

Helsinki UUSI SUOMI in Finnish 7 Sep 85 p 2

[Editorial: "Cold War"]

[Text] Up to now the SKP moderates have received the most serious of reminders from Moscow that the big affiliated party does not approve of the expulsion of the Stalinists from the SKP [Finnish Communist Party].

Published in six languages, SPUTNIK, the Soviet "READER'S DIGEST," has up to now been the moderate printing shop Yhteistyo's [Cooperation] biggest foreign printing job. The billing for printing has been 60 million markkas a year, or 35 percent of the printing shop's total sales volume.

Now SPUTNIK is switching to the Kursiivi [Italics] printing shop, which is under Stalinist control and which so far has certainly not had the kind of press needed to print SPUTNIK.

The loss of SPUTNIK is a particularly heavy blow to Yhteistyo, which is struggling with big debts. Because of financial difficulties, the chief party organ, KANSAN UUTISET, is among other things reducing the number of days it appears.

One might say that in relations between the CPSU and the SKP they have gotten into a cold war period in which economic pressure is used as a means of influence.

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POLITICAL

FINLAND

# EVENTS LEADING TO CP SPLIT WHEN BEGINNING WITH 1983 'COUP'

## 'Lieutenants' Coup' Described

Helsinki HELSINGIN SANOMAT in Finnish 13 Oct 85 p 33

[Article by Kyosti Karvonen]

[Text] The SKP Central Committee meets today to expel the Stalinist district organizations from the party. The basis for the property settlement between the moderates and Stalinists began to be laid in earnest in September 1983.

On a Friday morning in September 1983 a carefully chosen group of moderate Communists met in a small room in the right wing of the Parliament building.

At that time Finnish Communist Party (SKP) first secretary Arvo Aalto, Esko Vainionpaa, LEL [short-term employment law] Retirement Fund information chief, Reijo Kakela, a special investigator for the Education Ministry, MP Terho Pursiainen and Tapio Saavalainen, the Finance Ministry's junior finance secretary, took part in the weekly discussion group called the "club of the nationalized."

The study circle often also included MP Arvo Kemppainen (Communist) and SKDL [Finnish People's Democratic League] chairman Kalevi Kivisto (People's Democrat).

Now Aalto is the chairman of the SKP, Vainionpaa the first secretary of the SKP and Kakela the first secretary of the SKDL and a member of the SKP Politburo. Pursiainen is a member of the SKDL Secretariat and Kemppainen is still in the SKP Politburo.

In 1983 cheerless facts overshadowed the moderates: During the first half of the year the SKDL was tossed out of the government and lost eight seats in the March parliamentary elections, the moderates were no longer a majority in the parliamentary delegation and the SKP was rapidly slipping into the hands of the Stalinists under Jouko Kajanoja's leadership.

Because of this a "lieutenants' revolt" was set in motion through which some 40 moderates wanted to save what could be saved.

The starting signal for the revolt was fired between 0800 and 0900 that Friday morning.

"Arvo Aalto was asked whether he intended to take on the job. If he didn't do it, the others would have done it themselves," someone who was familiar with what happened at the meeting said.

"The job," meant Aalto's throwing himself into the campaign for the chairmanship of the SKP and the party's traditional moderate majority's pulling itself together before it was too late.

For the "young lieutenants" Aalto was the only figure behind whom it was possible for the moderate forces to rally.

"Aalto said that he had given the matter a great deal of consideration in the course of the summer and had pondered over whether he would undertake the job at all. He said that he had come to the conclusion that he would undertake to do it and that what he undertook to do he usually stuck to," the account of what happened goes on.

The "young lieutenants" repeatedly urged Aalto and between times wondered whether he was in earnest.

"Aalto said that they should wait and that he would start at the beginning of 1984," the account goes on. Kakela got angry with Aalto's delays and said that he ought to "instruct his father to get married." The 20th party congress was well over a half a year off.

#### Moderate Action Movement Begins to Be Visible

The first overt sign of what was coming was a speech by Aalto in which he criticized Kajanoja — to be sure, without mentioning him by name — for his lack of realism.

Kivisto immediately gave him flank support.

In the course of the winter and spring the action movement began to be more and more clearly visible. It pruned the "fence-sitters" from the recommended tickets for the party congress elections and took control of the preparations for the congress in the Central Committee.

The SAK's [Central Federation of Finnish Trade Unions] Construction Workers Union, which is the most powerful moderate Communist trade union bastion, played an important role in the operation.

A well-promoted campaign is more than half the battle in the SKP. This is why the moderates did not really have anything to worry about at the congress, which was held on a hot Whitsuntide in 1984.

The congress elected Aalto chairman and Construction Workers Union chairman Aarno Aitamurto first secretary. In addition, Kajanoja was elected to the Central Committee out of pity, but the Stalinists did not occupy the posts offered them.

The fight for the SKP was really over then, although from force of habit the Stalinists imagined that their familiar tricks would work on the moderates.

The Stalinists' abandonment of their leadership posts and the opportunity to soften up the moderate from within as they used to do was an obvious error of judgment. It offered the moderates an opportunity to carry out their action line down to the last detail.

To the consternation of the Stalinists and "Kajanojists," the moderates did make use of the situation to their advantage unhesitatingly.

Within a few months the moderates built up their own district organizations in the eight Stalinist district areas and protected their strong positions with tactics until the special congress demanded by the Stalinists, which was held last February. The Stalinists did not attend the congress.

The overhaul of the organizational machine was the responsibility of Aitamurto, who was acting as first secretary. He had already had experience in dealing with the Stalinists at the time of the purging of the Construction Workers Union.

Once the overhaul was over, Aitamurto returned to the leadership of the Construction Workers Union. His departure gave rise to political doubts; to dispel them, at the suggestion of Vainionpaa they quickly made Aitamurto party vice chairman.

All this took less than a year and pulled the rug out from under the Stalinists.

The biggest surprise for the Stalinists, however, was the moderates' stubbornness, firmer than before, in the face of the letters ground out by the Communist Party of the Soviet Union (CPSU).

The message brought last fall by CPSU Politburo member Grigoriy Romanov and a new letter in September were like water off a duck's back to the moderates.

Furthermore, the moderate leaders "had the effrontery" to reject the conditions under which the CPSU was prepared to receive delegations of SKP district secretaries and journalists. To top it all, clearing his throat during a television interview, Aalto confessed that there was room for improvement in his relations with the CPSU.

The moderate leaders keep alive the hope that during Chairman Mikhail Gorbachev's term the CPSU may gradually take in sail as regards its policy toward the SKP. The moderates anticipate that something may happen as early as at the next CPSU congress next February.



Formally bearing the chief responsibility for SKP matters in the CPSU leadership, candidate for Politburo membership Boris Ponomarev is now 80 years old and will probably be dropped in February.

International Department deputy director Vitaliy Shaposhnikov and a few department employees actually handle SKP relations in the CPSU. They will also be responsible for the continuation of the policy line after next February.

The Stalinists and the "unity forces" label the moderates' expectations wishful thinking in which they forget that Gorbachev has given his blessing to the messages sent to the SKP and that the CPSU examines things from the viewpoint of a superpower.

#### Stalinists Will Be Kicked Out of the Party

One intermediate objective set in motion by the "lieutenants' revolt" is the Central Committee meeting this Sunday. Composed of moderates, the committee will kick the eight Stalinist districts out of the party.

The moderates decided to expel them after the possibility, long under consideration, of getting rid of the Stalinists through an exchange of membership cards proved to be a risky alternative.

At the special congress the party leadership based expulsion on a rule change which also gave the Central Committee the right to expel district organizations. In addition, they deprived the Stalinists of the possibility of demanding that special congresses be held.

The SKP's extremely complicated book of rules gives those who control the party machine limitless opportunities for maneuvering. But it also affords the Stalinists an opportunity for yet many a delaying action.

On Sunday they intend to expel only the Stalinist district organizations, the party cells that belong to them and individual members still remaining in the SKP.

The SKP leadership has announced that it will complete the organizational purge within the next few months. Thus the expulsion of the individual Stalinist cells will follow the ousting of the districts in the next few months.

Sunday the Central Committee intends to urge the Stalinist cells to join the new moderate district organizations operating in the Stalinist districts. If and when they do not join them, the leadership will consider them as having resigned from the party.

Smoking out the Stalinist-led cells operating in "traditional" moderate districts and Stalinists serving in moderate cells will be even more complicated. The purging of individual members will take months and is a juicy propaganda weapon for the Stalinists.

The moderate leadership is in any event prepared for a painful purge, but, of course, hopes that the Stalinist camp will budge before then.

#### Shakeup in SKDL Continues

The Stalinists are organizing a "unity celebration" in Lahti on 19-20 October at which it is not believed that they will make decisions on preliminary measures for the founding of a new party.

The wild card in the Stalinist deck is the Uusimaa district, led by Markus Kainulainen, which the main group, led by Taisto Sinisalo, has had a hard time keeping in check.

They say that Kainulainen has a narrow nationwide support network. So far, the extremist faction headed by him has been in the ranks. This was demonstrated by, among other things, the Stalinist districts' joint reply to the Central Committee's letter, in which it for the "last" time demanded to know what Stalinist intentions were. The formulation of the reply, however, reputedly created hard work for them.

In the Stalinists' internal discussion the Turku district supported the Kainulainen faction. They say that the Uusimaa and Turku Stalinists reacted most harshly to the "Kajanojists," whom they were not even willing to regard as communists at the joint district seminar.

Among the moderates' plans, preparation for the next parliamentary elections, which the SKDL intends to enter on tickets purged of Stalinists, is being treated as urgent. This is why they are also facing a shakeup in the SKDL organizations, in which support for the Stalinists is, to be sure, more modest than in the SKP. The Stalinists control two of the 17 SKDL district organizations.

During the next few months the Stalinist districts will be expelled from the SKDL district organizations to which they belong as collective members. Because of the approaching elections, extension of the operation to the SKDL is on the whole viewed as being more urgent than the final stages of the SKP's organization war.

A common spirit has already been forged among the moderates in the SKDL parliamentary delegation too. The delegation will probably split up sometime during the next few months when a suitable crack is found.

#### Contract Withdrawal Hurts Printers

Helsinki HELSINGIN SANOMAT in Finnish 13 Oct 85 p 23

[Article by Juhani Aromaki: "SPUTNIK Flies Away"]

[Text] A printing shop's discharged employees get to pay one of the bills for the SKP's internal strife.

SKDL and SKP parliamentary representatives recently conspicuously set out to fight on behalf of those who were laid off in Lievestuore. The Keski-Suomen Selluloosa Oy [Central Finland Cellulose Company] bankruptcy left the town of Lauka with 167 jobless on behalf of whose livelihood the SKDL has demanded an explanation from the government.

This week the Yhteistyö Oy [Cooperation Ltd] press in Helsinki, which prints KANSAN UUTISSET, laid off 89 of its employees who up to now have had to fight for their livelihood completely alone.

In their hour of need they, of course, asked for support everywhere. According to the press' chief union shop steward, Urho Kaipainen, the workers have sent a message to the CPSU in Moscow. In it they hoped that their comrades would not withdraw the contract for the printing of the magazine SPUTNIK from the press that is now printing it, that is, Yhteistyö Oy.

"We have received no reply, nor do we have any information as to the fate of our message," the chief steward said.

Despite appeals, the subscriber is transferring SPUTNIK's 25-million-markka printing contract to the Stalinist press Kursiivi [Italics], which starting with next year will order printing jobs from a subcontractor. The bills will go through Kursiivi and in this way the press will also receive its own agent's commissions. Kursiivi does not yet have a signed contract but, once the plan is implemented, Yhteistyö will with one fell swoop lose nearly 40 percent of its production.

SPUTNIK has been called the Soviet "READER'S DIGEST," which is published in six languages. The press run is 520,000 copies a month.

In addition to the loss of SPUTNIK, the transformation of KANSAN UUTISSET, the chief organ of the SKDL and the SKP, into a 5-day newspaper has reduced the press' work load. Because of this, 16 newspaper press workers have received pink slips. Including those who have taken early retirement and who have voluntarily resigned, 98 people are at this point leaving the shop. That leaves 104 workers and office workers.

Despite employees' hopes, the layoffs will be implemented immediately. According to chief steward Urho Kaipainen, the workers will decide on a possible disagreement on the matter on Monday. In the workers' opinion, the list of those laid off is too long and it contains too many older persons who have faithfully served the shop for even as long as 20 years.

According to the shop stewards, in the face of their difficulties the workers have surprisingly run up against SKP and SKDL leaders' arrogant behavior and talk.

"The attitudes of the worker movement people have been discouraging. Both the party chairman and the first secretary have issued statements about which I have nothing more to say. Nor does the chairman of the parliamentary delegation now commit himself one way or the other," the chief steward swore.

Once again, the bill seems to revert to the laid-off workers alone to pay.

SKP manager Jorma Sorvari has not promised economic support measures.

"The layoffs were in themselves economic measures. What could now be a support measure for those who have been laid off — we will gladly listen to all ideas if anyone can dream up any," he snapped.

In a hurry on Friday, parliamentary delegation chairman Veikko Saarto had no time to say whether the parliamentary delegation has its own battle plans.

#### Accompanied by Something That Smacks of Censure

The transfer of SPUTNIK funds from Yhteistyo to Kursiivi is one effort in the internal arm-twisting of the SKP. It is interpreted as Soviet support for the Stalinists. The press' chief steward, Urho Kaipainen, senses "something that smacks of censure" in the SPUTNIK transfer.

Chairman of the board of Yhteistyo Oy and first secretary of the Finnish-Soviet Society Erkki Kivimäki said that the place where SPUTNIK was to be printed was not discussed the first time. Earlier, Hungary, among others, was under consideration.

He avoided judging the political effects and stressed the "importance of the question of price." According to the information he had, competitors' bids were clearly more favorable than Yhteistyo's.

"In the case of SPUTNIK, however, neither a total solution nor all relations are at issue. According to the latest information, the printing shop's other services provided the Soviet Union will probably continue in a normal manner," Erkki Kivimäki believed.

As vice chairman of the board of the Suomen Työväen Säästöpankki [Finnish Workers Savings Bank], Kivimäki occupies a vantage point when it comes to examining Yhteistyo Oy's financial situation. While the loss of SPUTNIK is a heavy blow to the printing shop, according to Kivimäki, it is too soon to predict the sale of the Niitaajankatu property or parts of it. "All of the company's liabilities — including account debts — come to about 60 million markkas. The company has a large amount of capital stock and owns a valuable piece of property. The question, of course, now is whether the company's income is sufficient to cover all of its expenses. If they are insufficient, a property sale — insofar as that is possible — will have to be considered."

According to SKP chairman Arvo Aalto, the TIEDONANTAJA movement seems to be rejoicing particularly over the news that the Soviets will be transferring a large volume of their printing orders "from the SKP-owned Yhteistyo press to Kursiivi, which is controlled by the leaders of the TIEDONANTAJA movement."

"This cannot be understood without [considering] behind-the-scenes political influence," the chairman said.



According to him, the Yhteistyo press has done printing jobs for the Soviet Union for 25 years and it has also received recognition from the subscriber for the high quality of the work.

"Of course, the printing shop will encounter great difficulties. The shop's employees will have to suffer the heaviest burden.

"If someone thinks that he can influence the organization of the SKP's internal affairs through such actions, that someone does not know us Finnish Communists at all," chairman Arvo Aalto said.

The SPUTNIK episode will not directly affect KANSAN UUTISET, whose backer organizations are the SKP and the SKDL. Yhteistyo Oy is owned by the party. Both the newspaper and the printing shop long ago became tools in the Communist dispute.

A couple of years ago KANSAN UUTISET owed the printing shop 12 million markkas. Party support for the newspaper had increased that much over the years.

The SKP moderates, however, got anxious when Jouko Kajanoja popped up as chairman of the SKP. The moderates realized that the big debt was a danger that might destroy KANSAN UUTISET entirely in a storm within the party.

KANSAN UUTISET borrowed those 12 million from the Suomen Tyovaen Saastopankki and paid off its debt. Thanks to the press subsidy and a transport subsidy, the paper's losses were only a million markkas last year.

#### New Home-Coming Presents from Moscow

Chief shop steward Urho Kaipainen waited for acting general manager Leena Pelkonen's return from a business trip to Moscow with uneasy feelings. The company's former general manager, Pekka Tulin, went into retirement last spring when he had another severe heart attack.

"I was bluntly told that, if no orders are forthcoming from Moscow, the printing shop's civilian personnel would be dropped entirely. That leaves 37 people since the 63 who have already been laid off will have to leave," the chief steward said.

General manager Leena Pelkonen returned to her job Friday afternoon. What did she have to say to the chief steward?

"The mood in Moscow was encouraging — we stated with our Yhteistyo partners. The trip led us to believe that the chances of our civilian personnel's staying on are now better than before the trip. Agreements have not yet been signed, but we did in principle agree to continue to do printing jobs for the Soviet Union," Leena Pelkonen told us.

11,466

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POLITICAL

FINLAND

# GOVERNMENT AGREES TO CURTAIL SOUTH AFRICA TIES

Helsinki HELSINGIN SANOMAT in Finnish 12 Oct 85 p 12

[Article: "Government Approves Contents of South Africa Sanction Bill"]

[Text] On Friday the government's Foreign Affairs Committee approved measures against South Africa relating to the contents of the bill. The Foreign Ministry reports that the bill will be submitted to the government and the president soon after the Nordic foreign ministers conference to be held next week.

According to Foreign Minister Paavo Vayrynen, Finland will attempt to influence the other Nordic countries to adopt as far-reaching a policy with regard to economic legislation affecting South Africa as Finland has.

The matter will be considered at the foreign ministers conference at the end of next week. Vayrynen, however, stated on Friday that there do not appear to be any signs of such willingness.

At the Foreign Ministry they have drafted a bill in which, among other things, the granting of loans, leasing operations and the sale of new patents to South Africa are banned.

Vayrynen thought that proposals to restrict investments and lending would represent the toughest policy in the Nordic countries. Since Finland has no investments in South Africa, decisions in connection with this will be preventive. However, they will have a direct practical effect on the granting of loans.

What is at issue is a law of authorization on the basis of which the UN Security Council's other recommendations for sanctions against South Africa can be implemented. At the Foreign Ministry they state that, since the Security Council has already issued a recommendation banning investments, they will issue a decree on the basis of that in connection with the enactment of a law.

According to the proposed law, loans of money or other forms of credit may not be made to South Africa or Namibia. Nor may bonds be issued as security for debts. Nor may subsidiaries abroad make use of the granting of loans or issuing of bonds.

The transfer of patents or manufacturing rights associated with them will also be banned.

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POLITICAL

FINLAND

# SDP SECRETARY LIIKANEN POSING CHALLENGE TO SORSA

Helsinki UUSI SUOMI in Finnish 7 Sep 85 p 4

[Article by Olavi Jouslehto: "Will an SDP That Is Said to Have Become Middle Class Return to Its Roots? Liikanen's SDP Would Hardly Let Go of a Consensus"]

[Text] Finland's Social Democratic Party (SDP) has lived and even on occasion improved quite peacefully. Naturally, pressures have been applied to the party from outside, but the party has not been burdened much with internal disorders. At least not as seen through the eyes of an outsider.

Now party secretary Erkki Liikanen has surprised everyone in successfully getting several people to for once discuss the business tax agreement with SDP chairman Kalevi Sorsa. Liikanen got so much support in the party executive committee that the SDP ministers had to undo the whole agreement on the budget.

If everything happened as has been claimed in the press, Liikanen aroused a new fighting spirit in the SDP, which is not quite in harmony with the consensus policy conducted by Sorsa.

Liikanen's successful operation brings to mind the fight over strike fines over a year ago. At that time the SDP parliamentary delegation minority was in-subordinate with Sorsa.

In practice these occurrences show that things are beginning to happen inside the SDP, and particularly in the direction of the traditional worker movement. At least in public, they are veering the party to the Left.

These events are very much in harmony with, for example, the Conservative Party's hopes. It has hoped for just that, that the SDP would return to its roots and leave nonsocialist politics to the luck and problems of the nonsocialist parties.

Resolute Loudmouth?

In the opinion of many leading Social Democrats, party secretary Liikanen is an eternal high school politician, a man accused of cracking jokes about Savo who could not be taken seriously enough.

Now, however, Liikanen is demonstrating that he can also be tough.

And if Prime Minister Sorsa too feared Liikanen even beforehand, of course, Liikanen must be given the political importance he deserves.

In the race for the chairmanship of the SDP, at least in public Liikanen gained a feather in his cap. Whether that feather remains bright and clear is another matter.

In connection with this, we must remember that Liikanen himself publicly objected to their whole operation and considered it to be Centrist prattle.

Fluctuation?

Liikanen's appeal makes it somehow difficult to divine future SDP behavior. It is probably, however, too soon to speak of a wholly new distribution in the SDP command hierarchy since such occasional gains may also have a negative effect from the operator's standpoint over longer intervals of time.

Sorsa's fire will hardly succeed with such noise bombs, although the business tax is in itself no ineffectual matter.

Impersonal SDP

The SDP has for a long time now been an impersonal herd party that has been more of a fashion house than a home for ideological thought.

Under Paasio and Sorsa's leadership the party attracted progressive young people interested in politics. It got votes by being a tolerant workers party with a sense of security.

The party has, however, mired down in an easy way of doing things and its charisma has disappeared.

The SDP's lack of charisma has helped it to be a government party that is satisfactory for the economy and for the same reason the SDP has been able to stay on in a government coalition with the Center Party, referred to as being conservative.

Free and Easy Folksiness

Erkki Liikanen is cut from the same cloth as Center Party secretary Seppo Kaariainen. Both are folksy Savo types. Both of them are different from their chairman.

Liikanen represents a loud, free and easy approach in comparison with Sorsa or Matti Ahde -- or with those outside that circle. The immediate future will show which kind of charisma is trump in our almost solely worker party.

But what if Liikanen did receive publicity really by accident, without his own doing?

In that case Liikanen, of course, received a so-called undeserved rise in rank, which the SDP has always wanted to assess with a vengeance.

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POLITICAL

FINLAND

BRIEFS

SKDL PLANS ELECTION STRATEGY--The Finnish People's Democratic League [SKDL] will campaign as an election alliance, but one that does not have room for divisive forces, said SKDL chairman Esko Helle, referring to the next parliamentary election. The best thing to do would be to immediately end the remarkable discussion of the various SKDL election alliances and their nature. SKDL will have only one election alliance in each election district, Helle said on Thursday. Everyone who works for equality, has a democratic inclination and is prepared to further unity is welcome as an SKDL parliamentary candidate--but stubborn, undemocratic and divisive forces who want to fight the battles of the communists under cover of the Finnish People's Democratic League need not apply, according to Helle. [Text] [Helsinki HUFVUDSTADS-BLADET in Swedish 11 Oct 85 p 12] 6578

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POLITICAL

GREECE

ALLEGED 'DEVIOUS' U.S. MANEUVERS ON BASES, F-16's, NATIONAL INTERESTS

Athens PONDIKI in Greek 11 Oct. 85 pp 9,13

[Text] The bases, on and on! The issue has become a fixed idea with those down there in Washington. And when one hears talk of "Greek-American" relations these days one should know that both sides mean the bases and nothing but the bases. It's as if the Americans' message to Athens were a tape recording: make a binding public announcement that the five-year [period] for the bases is not something irrevocable and everything will go better...

As we have already written, the Americans have a ready "formula" (shutting down Elliniko and Gournes, Souda under NATO control and leasing of Nea Makri) and they are surprised that Andreas cannot make up his mind to accept this and announce it publicly. For Washington, the American embassy and Bob Keeley (who came on Tuesday) the matter is simple. As a matter of fact Bob intends to work on it quite a bit, indeed he has even brought "papers" with him to initiate the "negotiations."

The Americans let it be understood that if the matter is settled, then the Bokhan issue will be shelved and banking help for the nation's debts will become available and that, in general, everything will be fine... And they offer as proof of their "good faith" the fact that in no circumstance has Washington given nor is it giving any support to the Right and Mitsotakis."

Pressures for the bases are grosser than ever. And if the State Department believes more in the method of "treading softly lest we spook the kids," the Pentagon is the westerners' "bad guy" who says: "An agreement here and now." As for Caspar Weinberger, he has lately had an additional cause for irritation:

. The F-16's we finally bought come from a company belonging to the area of the proteges of the Democratic Party.

. The F-18's are the "lobby" of the Republicans, who are in power. And Weinberger, who has a personal dislike for the administrators of the company [manufacturing] F-16's, became incensed because we eventually reached an agreement on the F-16's which, naturally, also happened to be... cheaper!

A great deal might hang on Andreas' trip to New York, on the 19th of the month. There, despite the fact that our own [man] will not have any official bilateral contacts with Americans from the government--as appears to be the

case until now--some of his unofficial meetings (like for instance some "private" lunches such as the one Paul Sarbanes is giving in his honor) could lead to a "solution" of the matter, be it even temporary.

What is certain is that the Yankees "refuse" to have the issue pending until the next general Greek elections. They exert suffocating pressures to have the matter closed, if not at the end of 1985 then at most in 1986. Their way of thinking is very simple: in the next elections Andreas could turn the issue of the removal of the bases into a slogan [to ensure] a reelection of the PASOK! And if the matter "came down" to the people it could not lead to a positive result for the United States. Therefore "An agreement here and now" and let the 1983 agreement...go down the drain as they say "sto Ellanda" [parody of Greek-American accent for "in Greece"].

While the Americans have decided that they can live with Papandreou, they will want to flush any pinkos out of his entourage.

That is, with the pretext of the Bokhan case, they want to start a pogrom of government and party officials--which may have already begun--of journalists, civil servants, leading elements of the armed forces and disturbing publications. The password is that not one pinko should remain in the region and that not a square inch of territory should remain favoring the new Soviet style launched by Gorbachev, which has turned into a nightmare that disturbs the sleep of those who shape American strategic policies. And when comparisons with Reagan come to their minds, the nightmare becomes that much worse.

The PONDIKI is also one of the disturbing publications. We have known this for a long time but we write about it today because provocations are increasing, to make PONDIKI lose its prestige, its credibility and above all its sources. But let those who feel "bothered," both Greeks and foreigners, know that if the fight heats up the mouse will roar. And let those who are looking to draw...blood beware, lest old (and new) dirty stories [come out]. O.K.?

General conclusion: Bokhanology will continue:

- . until Keeley gets to see Papandreou, after first presenting his credentials, although it is not clear whether this will happen before or after Papandreou's trip to New York.

- . at the very least until Andropov also returns.

- . until Washington is satisfied with Andreas' behavior.

Until then drastic measures and misinformation will abound.

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POLITICAL

ICELAND

# INDEPENDENCE PARTY EXECUTIVE PANEL AGREES ON CABINET CHANGES

Matthias Mathiesen Foreign Minister

Reykjavik MORGUNBLADID in Icelandic 9 Oct 85 p 4

[Article: "Chairman's Suggestions For Cabinet Appointments Approved Without Debate"]

[Text] Thorsteinn Palsson, chairman of the Independence Party, presented at a seven-minute meeting of Independence Party MPs, late yesterday afternoon his proposals for the distribution of party ministers among the ministries. These appointments are to be made following Palsson's taking a seat in the government next week, at the government council meeting which has been slated for next Wednesday, 16 October. On that day the changes approved by the party yesterday will go into effect. The chairman's proposals were approved unanimously, without any discussion. The chairman's proposals were approximately as outlined on the back page of yesterday's MORGUNBLADID.

According to the new distribution of labor among the ministers of the Independence Party, Thorsteinn Palsson will fill the position of minister of finance; Albert Gudmundsson, minister of industries; Matthias Bjarnason, minister of commerce and transportation; Ragnhildur Helgadóttir, minister of health and social security; Sverrir Hermannsson, minister of education and culture; and Geir Hallgrímsson will be foreign minister up to the end of the year, after which time Matthias A. Mathiesen will become foreign minister, remaining without a ministerial position up to that time.

Thorsteinn Palsson said that the proposals which were approved were the same as the proposals that he had presented. He said that there had been no difficulty in getting these changes unanimously approved.

"I think that it is simply the case at this point in time that real changes have to be made, and I think that the result of this is that we will be stronger in this government, more able to promote our point of view," said Thorsteinn Palsson when he was asked what conditions were responsible for the developments described above. Palsson was also asked whether these far-

reaching proposals would not result in people saying that changes were being made just for the sake of change. He answered, "No, I don't think so. It isn't that kind of thing, anyway." Pálsson said that there was as yet nothing on his agenda for his first tasks as minister of finance, and when he was asked whether the taxpayers could expect that income taxes would be lowered more than was proposed in Albert Guðmundsson's budget proposal, he said, "I have nothing to say on that issue at this stage."

"It was a conversation I had today with the party chairman that changed my position," Albert Guðmundsson said when this reporter asked him what had changed since yesterday morning. At that time, he refused the position of minister of industries; but he was reconciled to the idea by the time the meeting of the party's MPs began at 6:00 p.m. yesterday. "The chairman emphasized that there had to be unanimity concerning the changes he was planning. I followed his logic," Guðmundsson said. "And by changing my mind on this, I am supporting unanimity in the party." Guðmundsson added that he had made his decision readily and with a good will, and that he would happily take on the position of minister of industries. He said that he was going to start acquainting himself with how matters stood in the ministry of industry up to this point, admitting that he was not well-versed on these issues.

Sverrir Hermannsson will take on his new position this week. When asked yesterday by a reporter from MORGUNBLADID how he felt about this, he answered, "Excellent." When he was asked what he might take as his first tasks, and whether he would be tackling spelling reforms again, he replied: "No, I do not intend to be making snap decisions. I intend to take enough time to become well acquainted with the issues, and what is being done in the cultural and educational fields, before I decide what my first tasks will be."

"I am going to miss the ministry of health and social security, there is no doubt of that," said Matthías Bjarnason, who will become minister of commerce and transportation next week, in a conversation with this reporter. "I know that line of work very well, and have worked with a number of marvelous people in connection with it, both inside and outside of the ministry. But I am just as glad to be able to work in the ministry of commerce, since I think that I am knowledgeable enough in that field also. That is to say, in the part of that field which has to do with the fisheries, which I know well from years ago."

"This is definitely happening on short notice, but in politics we have to always be prepared to work under changing conditions," said Ragnhildur Helgadóttir when this reporter asked her how she felt about taking on the job of minister of health and social security. She said that she had a particular concern for health and social security issues, which she thought were important societal elements and worthy of our attention. "But I won't deny that I'll miss a lot of aspects of the ministry of education, since there was so much important work going on there. I had a good group of colleagues and friends there, but I do know, on the other hand, that they will keep up the good work and achieve satisfactory results."



PHOTO CAPTION [photo not reproduced]

As of next Wednesday, these Independence Party members will become cabinet members for the Independence Party in the Icelandic government. From left: Sverrir Hermannsson, future minister of education and culture; Matthias Bjarnason, future minister of commerce and transportation; Thorsteinn Palsson, future minister of finance; Ragnhildur Helgadóttir, future minister of health and social security; Geir Hallgrímsson, who will continue as foreign minister until the first of the year; and Albert Guðmundsson, future minister of industries.

Prime Minister Comments

Reykjavik MORGUNBLADID in Icelandic 9 Oct 85 p 4

[Article: "Natural For Palsson to Be Minister of Finance"]

[Text] "As I have said many times, I think it will be most helpful to have Thorsteinn Palsson, chairman of the Independence Party, involved in the government," said Prime Minister Steingrímur Hermannsson in a conversation with this reporter yesterday evening. "And I think that it will tighten up activity in that sector, having him."

The prime minister said that it could not be denied that it has often seemed that the Independence Party's performance as government opposition has been half-hearted. "We hope that that will change with these changes," Hermannsson said, "and that there will be more cooperation in the halls of government."

Hermannsson said that he had nothing else under the sun to say about the other appointments of Independence Party ministers. These were first and foremost the business of the Independence Party itself. But he did say that he thought it was quite natural that the chairman of the party, Thorsteinn Palsson, was being offered the position of minister of finance, since that position was one of the most important ones--besides the fact that the Independence Party has been putting the greatest emphasis on using thrift in running the government.

Opposition Leaders Comment

Reykjavik MORGUNBLADID in Icelandic 9 Oct 85 p 4

[Excerpts] MORGUNBLADID sought out representatives of the government opposition yesterday, asking their opinion on having the chairman of the Independence Party, Thorsteinn Palsson, take a seat in the government. They were also asked about the other changes in the government, which had been under discussion, but were not decided until today.

Svavar Gestsson: "Won't Change Much on the Political Scene"

"This isn't going to change much on the political scene," said Svavar Gestsson, chairman of the People's Alliance

Party, when he was asked his opinion on what was currently being done among the Independence Party cabinet members.

"It looks real botched-up to me, but this farce with Hermannsson and his position, which the whole country has been laughing about for a year and a half, naturally ought to have some kind of closing chapter," Gestsson said.

Gestsson said that the main thing was that people were resorting to poverty auctions on their flats; and that a great number of people who had not even allowed themselves to think about owning a flat would not be able to expect any improvement in the national situation, even though a different reactionary was going to be sitting in the ministerial chair. The government had been using blitzkrieg tactics and would surely continue to do so. Now they were suggesting cutbacks in social services spending, which would not be making life any easier for the Icelandic people, who by long custom have the right to be treated with dignity by society.

Jon Baldvin Hannibalsson: "Not the First Time Geir Hallgrimsson Solves the Party's Problems"

"The decision under discussion is Geir Hallgrimsson's, to give up his position to his successor in the party chairmanship. This won't be the first time that Geir Hallgrimsson has solved the party's problems when time was running out," said Jon Baldvin Hannibalsson in a conversation with MORGUNBLADID reporter on the changes in the Independence Party cabinet members.

"They have done it differently up to this point," Hannibalsson said, "other than having the chairman of the party cheerfully accept Hallgrimsson's offer to step down. We have to look at what chair the chairman will be occupying. If he makes the decision to become minister of finance, of course, I wish him well in that position, and I won't withdraw that.

"This change is without doubt an obvious confirmation of mistrust among the party's MPs and the Stykkisholmur central committee towards Albert Gudmundsson and his term as finance minister, which is just now ending," Hannibalsson said. "If Thorsteinn Pálsson goes through with this, it seems to me that it will then be necessary for him to get rid of all the Independence Party's wasteful cabinet members in one swoop. The prime minister has reminded us that the cabinet members have 85 percent of the national budget at their disposal. Pálsson's job ought to be to oppose the Independence Party's stated policies on bureaucratic cutbacks. It is an equally good idea not to have filthy rich folks in each position, who would be aiming first and foremost to cut back on bureaucracy."

Hannibalsson said that time would tell what kind of decisions had been made. In his opinion, the changes in personnel were not enough; we now had fourteen years of experience behind us indicating that it was not possible to achieve the necessary changes in the Icelandic governmental and political systems in a coalition involving the Progressive Party.

Reykjavik MORGUNBLADID in Icelandic 9 Oct 85 p 26

[Editorial: "New and Noteworthy"]

[Text] Following the proposed changes in the Independence Party cabinet ministers, which were announced day before yesterday, the Independence Party's MPs have now approved Thorsteinn Palsson's nominations for the distribution of ministers among the various ministries. What we have here is something new and noteworthy in Icelandic politics. It has often happened previously that individual ministers in the government have decided to step down from their positions, as Geir Hallgrimsson has just done. On the other hand, it is unusual here in Iceland to have the division of labor among the ministers changed in the middle of an electoral term, as the Independence Party has just done.

Such changes have long been customary in other countries, particularly in Great Britain, whenever the government shows signs of tiring. In Britain, they often resort to the tactic of reforming and perhaps revitalizing the government by moving the cabinet ministers around and by bringing new people into the government. The reasons behind Geir Hallgrimsson's quitting his position are otherwise, as is well known, but it was cleverly done on the part of Thorsteinn Palsson to utilize this opportunity to make more extensive changes in the division of labor among the Independence Party's cabinet ministers.

All of the Independence Party's cabinet ministers in the government will now be taking upon themselves new jobs. Whatever might be said about their performance in their old jobs, it is entirely clear that a new job brings a new burst of energy. For this reason there is every reason to believe, at least until it becomes otherwise apparent, that this change will have substantial consequences, which is obviously the idea behind the whole thing. Surface cosmetic changes never have any effects other than short-term ones.

Certainly there are a number of observations that can be made by people of various opinions relating to this new division of labor among the ministers. For example, those who have criticized Matthias Bjarnason and Ragnhildur Helgadóttir for being unwilling to make cutbacks in their old offices, in which the greatest portion of government expenditures actually occur, may be asking what significant changes may result from Helgadóttir's moving over to the ministry of health and social security and Bjarnason to the ministry of transportation. Those who would like to defend the welfare system and a policy of construction as regards transportation might, on the other hand, welcome these changes. It ought to become evident soon whether their new policies will be congruent with those of the new minister of finance, who is assuming his new job with the precondition that people will be expecting him to act on his previous cutback proposals. The Independence Party, in its actions of the past few weeks, has so deeply committed itself to substantial cutbacks in government spending that its chairman has no other choice than to honor that commitment.

But however such controversies turn out it remains entirely clear that this changed division of labor for the cabinet ministers is a landmark in Icelandic politics which has been long awaited. Thorsteinn Palsson's first actions in making these changes mark the beginning of a new era. We can assume it as a certainty that, after these governmental changes, it will become common on the political scene in the coming years to try similar procedures at any point in the electoral interval, in order to give new life to a government which has reached a point of ideological and motivational inertia. Certainly, initiative, or the lack thereof, in the new ministries, will determine how successful these changes will be. So far there is no reason to assume anything other than that the effect of all this will be positive. It also has strengthened the position of the chairman of the Independence Party that these changes have occurred smoothly and without opposition. It shows us another thing, too: how his influence in politics has grown.

#### Newspapers on Coalition Shuffle

Reykjavik MORGUNBLADID in Icelandic 9 Oct 85 p 9

[Commentary by 'Staksteinar': "Changes Seen From Various Points of View"]

[Text] The new reorganization of the government has, just as we thought it would, awakened a good deal of attention and comment, both in the mass media and among Icelanders in general. Each individual looks at it differently, as might be expected. MORGUNBLADID commented on the matter in yesterday's editorial column. Other newspapers did the same. Today's 'Staksteinar' gives our readers the opportunity to become acquainted with the reactions of other newspapers to yesterday's developments.

On the other hand, we will not be talking here about how far-reaching the effects will be or what the results will be. Only the struggles of hard experience will answer those questions best.

#### "Strengthening the Government"

The editorial column in yesterday's NT reminds us that the Progressive Party and the Independence Party have been in agreement that "it would strengthen the government if Palsson [the chairman of the Independence Party, we hasten to add] were to take a seat in it." Later on, it says:

"We Progressives will be aiming for far-reaching agreements in the attempt to reach our goal of bringing down our foreign debts without unemployment or decreases in purchasing power.

"We need to draw up an agenda for the next few years with the goal of achieving a balance of trade and lower foreign debts. . .

"National consent is necessary in order to achieve stability in the economic life of our nation. . ."



The author of the editorial, who concludes every remark he makes by throwing a challenge into the lap of the coalition party, does not leave this opportunity unused any more than he does the others. He continues as follows:

"We can consider it almost certain that they [the free-thinkers of the Independence Party] will be coming down hard on purchasing power, more so than previously. . . They will thus be prohibiting economic growth even more than before, and this must necessarily result in unemployment, particularly in agriculture."

"This is a Full-Scale Revolution"

THJODVILJINN remains in the same old corner of the barnyard. They preferred to comment on the "revolution" that had occurred (or was occurring) in the government. This presumably means that the one true revolution, which happened in the "olden days" in that eastern country they admire so much, pales by comparison with this one! Their editorial--and we haven't changed one word!--went as follows:

"They have made it obvious that this amounts to something more than just a considerable rearrangement; actually, there is nothing to differentiate this from a kind of revolution in the structure of our government."

"And the leadership of the Independence Party was actually prepared to demonstrate to the man in the street the yardstick that ought to be used in measuring the party's strength, namely, how great the changes were in the distribution of the Independence Party ministers. And look: they made such radical changes, that one of the ministers gets to take his leave in three months; and it is not impossible that the foreign minister will consider himself capable of quitting on 1 January of next year. This is a full-scale revolution!"

The "revolution" among the Progressive Party ministers (which did not occur) was not mentioned by that name.

The THJODVILJINN editorial carried the headline, "Honorary NATO President Ousted." Its conclusion was as follows: "On the other hand, Hallgrímsson himself is working on a higher profile for himself among the loyal brethren of his party."

Social Democrats Make Their Statement (Late, As Usual)

The leadership of the Social Democratic Party met last Sunday in Borgarnes. It was obvious that the rearrangements in the government would be included in the discussion. The party leadership reacted promptly and passionately, just as they usually do, and drew up a statement, according to yesterday's ALTHYDUBLADID:

"The leadership of the Social Democratic Party therefore urges the party's MPs to present proposals expressing distrust of the government, right away, at the opening sessions of the Althing!"



Late was not much better than never for the Social Democratic MPs to draw the sword. They might as well have let well enough alone. Whether they had acted or not, the greater part of our national affairs would have been affected to about the same degree.

#### Observe What the Changes Will Bring

DAGBLADID-VISIR (DV) said in its editorial column, among other things:

"We will be observing Thorsteinn Palsson's actions in this government very closely. . .It [the government] began favorably, and with promise. But the ship of state has run out of steam. We Icelanders can therefore hardly be against seeing some new blood come into the government. There are no valid arguments against an attempt of this kind, to revitalize the government with new people. Palsson's job is not an enviable one. . .

"Palsson's strict leadership in the Independence Party and his arrival on the government scene may mean that changes will be made in the most important sectors: more cutbacks and less government intervention; and capital being put into profitable ventures, rather than hidden political schemes. But we can only hope for these things. We do not know what will happen. But it will be exciting to observe what these changes will bring."

9584

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POLITICAL

NORWAY

TREHOLT PUBLISHES AUTOBIOGRAPHY INCLUDING ESPIONAGE DISCUSSION

Copenhagen BERLINGSKE TIDENDE in Danish 15 Oct 85 p 6

[Article by Trygve Monsen]

[Text] Norwegian diplomat sentenced for espionage  
takes stock from prison cell.

One of Norway's most disputed books will today be launched on the Norwegian market. At the recent book fair at Frankfurt, arrangements were made for translations of the book into German and English. The initial number of copies printed of the book constitutes by Norwegian standards a record. A total of 50,000 copies will be printed initially. The author will make little profit out of the book. He owes the Norwegian state more than 1 million kroner. Should he nevertheless make a profit on the book, he will not have much occasion to spend the money. He is the biggest spy in Norwegian history and is serving a life sentence. The name of the author is Arne Treholt (43 years old), former Social Democratic politicians and head of department within the Foreign Ministry.

The book has created a sensation long before its publication. Already after his arrest in January of 1984 the various publishers rushed at him. They all wanted to publish his memoirs. Treholt himself caused a sensation by participating in the competition of the Cappelen publishing company for the best documentary novel. He won the second prize, 30,000 Danish kroner.

At the time, there was already a discussion in progress how it would be possible for Treholt to get the manuscript for his documentary novel out of one of Norway's tightest security prisons. And what kind of secret information on the security of the country might the book possibly contain? The publisher has meticulously removed any kind of information from the book which might be detrimental to the security of the country. The superspy who is waiting for the Norwegian Supreme Court to review the case against him, gives an extremely personal and very open description of his fate. Treholt, at the same time, has a showdown with those who, in his opinion, have failed him.

Already before the appearance of the book in the open market, such a large part of the book has become known that opinions on the book are divided.

Even if the result will, undoubtedly, be the opposite of the one intended, a group of leading members of the society have announced in advertisements in the papers that they do not intend to purchase the book.

The fate of Treholt is extraordinary in Norway. Never before has a politician been sentenced for espionage. Treholt was a well-known Norwegian, the son of a highly respected politician, who was a minister in many Labor Party governments. People wonder how this was possible, and they will have to look for the answers in Treholt's book ALONE.

#### Role of Wife

Treholt provides some answers. And he also asks many questions "Is it possible for her to hate me so much?" he asks referring to his former wife, Kari Storærke, a well-known journalist from newspapers and TV, who 10 days before the trial of Treholt published the book "Have a Nice Trip to Paris." The title refers to the last words she said to her husband before he left for the airport, ostensibly on his way to Paris. The security police, however, apprehended him before he left the country--for a spy meeting in Vienna. One of the biggest shocks Treholt got was, undoubtedly, Kari Storærke's book.

"It was a thunderbolt. A strange piece of legal history, published in the form of a book by my own wife 10 days before the trial. I flip through the book and see my own letters, my intimate confidences, written to her in extreme agony, rendered without asking my permission," writes Arne Treholt, wondering whether the world has gone completely crazy. Treholt met an American family in New York when he worked at the Norwegian UN delegation. They became close friends. In Oslo, he met them as FBI agents.

#### The Hateful Glance

"I feel a need to collapse but make an enormous effort to pull myself together. I do not want for them to see that my entire heart is bleeding. I do not want for them to have that pleasure. They have participated in this rotten game. They have done it with their eyes open. They experienced my love for Kari and Thorstein (his son). Nevertheless, they have spied on us. That has got to be the explanation. But I shall let them live with their shame. She will at least get to feel my hateful glance. I shall do my share that their hearts will also bleed," Treholt writes.

After having been in solitary confinement for several months following his arrest, Treholt was given access to the newspaper reports on the case. He gives a deeply personal description of his feelings when he found out the way the case had been described in the mass media.

How is the person Arne Treholt? Many hope for an answer to this question. How was it possible to lead the double life which he, undoubtedly, led as a politician and agent for the Soviet Union?

The book reveals that Treholt has got an iron will to withstand even the most severe strains. Otherwise, it would be hard to grasp how he would be able to cope with the strains of the trial, which has been going on for months, as well as the pressure on the part of the media to which he has been exposed.

The book is also a defense document. He criticizes the working methods of the police. He accuses the police of having deceived him. One of Norway's most highly respected investigators, Ørnulf Tofte, who in the book is simply referred to as 'E,' is handled particularly roughly.

### Meeting

Treholt philosophizes about the increasingly famous meeting that he had in Vienna with Gennadiy Titov, who, in the opinion of the court, was his contact to the KGB. The meeting was photographed and the photo was made public after his arrest.

It was an extraordinary situation, Treholt writes, as he was confronted with the said photo of himself and Titov.

"My infuriation and my emotions get the better of me. I have to get up and get outside. I feel sick. There must be some way out. Should I try to escape? That would be foolish. I see myself rushing down a hallway, with bloodhounds in close pursuit. It will not help much. 'May I go to the bathroom?' They give me an inquiring look. I feel sick. I am going to vomit."

Simultaneously with the publication of the book, the trial goes on. Treholt's new defense attorneys, Alf Nordhus, a well-known defense attorney, and Arne Haugestad, Supreme Court attorney and chairman of the Anti-EC Movement, have given rise to disputes regarding their roles as defense attorneys.

In the full glare of publicity, they have succeeded in creating disputes regarding the credibility of the police with regard to the so-called 'money exhibit.' The prosecution claimed--and was believed by the court--that Treholt received 15,000 dollars from the Russians. This has not been proved, the defense attorneys claim, pointing out that it is not possible to fit 15,000 dollars into an envelope of the type shown in the photos during the closed hearing of the case in camera.

### Dollar Notes

The Supreme Court has accepted the statements from the defense attorneys that they have not leaked any secret material to the press, and the Supreme Court agrees to the production of additional evidence. They will then know whether it is possible to fit that amount of money in 20 and 50 dollar notes into an envelope of the type produced as evidence in the court.

And what will happen if it will not be possible to fit 15,000 dollar notes into Treholt's briefcase? The police claim that they found 15,000 dollars

when, on 17 May 1983, they ostensibly photographed the money in Treholt's briefcase without his knowledge.

The Treholt case has not been fully described even though some questions become clarified after the main figure himself gives his account in ALONE.

7262

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POLITICAL

PORTUGAL

BRIEFS

ALLEGED U.S. VIEW OF EANES--Western diplomatic circles in Lisbon have reported that the Americans, who always considered Dr Mario Soares as the great obstacle to communist escalation in Portugal, are seemingly changing their mind in light of the last electoral results. There are already some in the U.S. Embassy in Lisbon and in the State Department in Washington who look upon Gen Eanes as the firmest and most politically sophisticated barrier to the PCP's hegemonic ambitions. A diplomat who maintains close ties with the Americans commented to our reporter that "it was Gen Eanes who barred the way to the PCP on 25 November 1975, and he is doing it again today with the PRD [Democratic Renewal Party]." Thus the rumors that Ambassador Frank Shakespeare is interested in meeting very soon with Herminio Martinho are not surprising. We predict that Dr Soares will have to say "bye bye" to the important U.S. support...[Text] [Lisbon TAL & QUAL in Portuguese 25 Oct 85 p 16]

CSO: 3542/19

POLITICAL

SWEDEN

#### DEPARTURE OF CENTER PARTY'S SODER MAY REFLECT FALLDIN'S PLANS

Stockholm SVENSKA DAGBLADET in Swedish 5 Oct 85 p 2

[Commentary by Ola Gunnersson: "What Will Happen After Karin Soder?"]

[Text] Karin Soder did not become our first female party leader, but she might have. If for some reason Thorbjorn Falldin had left his post when Karin Soder and then under secretary of state for foreign affairs, Leif Leifland, were handling our foreign affairs so splendidly, Soder would in all probability have stepped up to the very top spot.

Karin Soder was very popular at the time. Many people saw her as a serious candidate for chairwoman of the Center Party.

But Falldin stayed on. Karin Soder appeared in new roles, and her popularity gradually declined. She became something of a symbol of dependence on politicians--perhaps unfairly, but it could not be helped. In recent years, the Center Party's second deputy chairman, Olof Johansson, has been pointed to as Falldin's heir.

Karin Soder is giving up her post as first deputy chairwoman. She is leaving a lot undone in politics, but she will not become party leader. Instead, she is opening the way for a change in Center Party leadership at the party congress in Uppsala next year.

The announcement of Soder's departure may mean that Thorbjorn Falldin has decided to stay on as Center Party leader for one more term. Falldin is a man of surprises, and he surely feels that he has some vengeance to exact.

If Falldin stays on, the Center Party will have to elect a new first deputy chairman. The choice may be an indication of who will succeed Falldin.

As we said, Olof Johansson has recently been regarded as a more or less obvious successor to Falldin. That was the feeling as recently as this year's Center Party congress in Norrkoping.

The situation is less clear today. Olof Johansson is a Stockholmer, although not by birth. And the election in Stockholm was something of a disaster for

the Center Party, which was booted out of Stockholm City Hall. Can it really choose as its new chairman a politician who must bear not inconsiderable personal responsibility for the Center Party's defeat in the capital?

Karin Soder has said that she thinks her successor should be a woman. And there are certainly capable women in the Center Party--but not really any that could become party leader.

If the Center Party wants to indicate its confidence in Olof Johansson, he will probably be promoted to first deputy chairman succeeding Karin Soder at the congress. Then a woman will have to take the job of second deputy chairwoman.

A fight between various candidates may be in store for the Center Party's members when they meet in Uppsala in June 1986. Perhaps Olof Johansson's star will wane, and perhaps Nils G. Asling's will rise.

Falldin and Asling as party officers at the same time is not a likely combination. If Falldin were to step down, on the other hand, Asling would certainly be the Center Party leader with the best chance of putting his party in the political spotlight.

If Falldin steps down, Asling will be a dark horse, even though he has taken a great many beatings at Center Party congresses over the years.

There is another name that is sometimes mentioned among Center Party members--especially within the "green" wing centered primarily in Stockholm--but the individual in question does not have a strong base of support. He is Lennart Daleus, and he became nationally famous as the "general" backing Alternative 3 during the referendum on nuclear power. He had hoped to enter Parliament in this year's election, but nothing came of it.

Daleus has won a strong position for himself in the Center Party during this year's regional congresses. And in many respects, he is a politician in step with the times. He comes across as relatively mild, but combines that with a very strong image as a realistic politician. More than anyone else, he personifies the existing mood in the Center Party against evolving into a green party almost like those on the continent. The very combination of personal mildness and objective hardness naturally reminds some Center Party members of the Liberal Party's successes under Westerberg. Daleus may stand out in their eyes as a TV politician for the Center Party.

But even though Daleus represents the green wing to a greater extent than anyone else does, there is a problem for him, paradoxically enough, in that very fact. Preparations are currently underway, especially among Center Party members in Stockholm, for a coup d'etat. It calls for removing Falldin and installing Olof Johansson as the new party leader. As recently as Thursday evening, the subject was being discussed openly in Stockholm's Center Party. That turn of events would not give Daleus time to establish a position allowing him to win a spot alongside Johansson: the green wing would be acting so fast that its foremost representative would not be able to keep up.

Naturally, a green revolution in the Center Party might cause considerable disorder among nonsocialists. But the problem is also a big one for the Center Party itself. The Stockholm group that is now active has practically eliminated the party on its home turf.

And it is almost self-evident that that should happen. The Center Party's voters are nonsocialist. And as soon as the Center Party's nonsocialist image becomes blurred, its voters disappear into some other party.

Another problem for the green Stockholm branch of the party, and an even more special one, is that it views the link with the farmers as more of a problem than an asset. The moment the Center Party is transformed from a nonsocialist party with agrarian roots into a green party with big-city viewpoints will probably be the moment marking its demise.

One job that must in all likelihood be part of the discussions within the Center Party is that of party secretary. The current party secretary, Goran Johansson, is a Center Party veteran, but he is totally unknown to many voters and is obviously not going to play a prominent public role.

Goran Johansson has slaved away on many specific issues in the Chancery. He is very knowledgeable. But the election results do not constitute a success for him.

The jigsaw puzzle now being put together in the Center Party is one with many unknowns. At present, the green wing is most active. But despite everything, the Center Party is basically a party rooted in the countryside. And the power lies in the party organization around the country. Many people certainly feel respect for both Olof Johansson and Lennart Daleus. But this does not mean that the Center Party's active members are prepared to drop both Thorbjorn Falldin and their strong roots in the Swedish farmer movement at one and the same time.

It is possible that Daleus will strengthen his position and that, as a result, the genuine green sector of the Center Party will become more firmly established. But that will probably happen within the framework of a party held together by Thorbjorn Falldin and the comrades from his generation who built the Center Party into the important general nonsocialist party that it has now been for several decades.

11798

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POLITICAL

SWEDEN

# WERNER HINTS VPK MAY ADOPT MORE AGGRESSIVE RIKSDAG STANCE

Stockholm SVENSKA DAGBLADET in Swedish 7 Oct 85 p 6

[Article by Willy Silberstein]

[Text] "We do not want to talk about blackmail in describing our relations with the government. We intend to talk about where we stand when specific bills are presented. Anybody who wants to call that blackmail is certainly free to do so," said VPK [Left Party-Communists] leader Lars Werner after the meeting by his party board over the weekend.

The nonsocialist parties now have more votes in Parliament than the Social Democrats. This means that the government will need yes votes in Parliament from the VPK or the nonsocialist bloc to put through its bills. During the previous legislature, the VPK was able to avoid taking a stand on ticklish issues by abstaining, because the Social Democrats had more votes than the Center, Liberal, and Conservative Parties combined.

How the VPK will behave in this new situation in Parliament was one of the questions discussed by the party board over the weekend.

At Sunday's press conference, Lars Werner said: "We will continue to pursue our own issues, and we will have to take a stand on the government's bills as they come up."

## Betrayal of Voters

He is concerned that the Social Democrats may seek support "from the right."

"That would mean a departure by the Social Democrats from what they said during the election campaign. They would be betraying the voters."

Does this mean that the VPK may bring down a Social Democratic government?

"We don't discuss the matter in those terms. It would be suicide to provoke us in those areas that are important to the VPK," answered Lars Werner, who mentioned the following items, among others, as important issues: higher real wages, lower unemployment, and a curtailment of the power of big finance.



"Not for a second do I agree with the government that wage demands must be moderate now that the firms have posted record profits. Wages must go up at the expense of profits."

#### Dennis Should Resign

Precisely like the LO [Swedish Federation of Trade Unions], Werner feels that the governor of the Bank of Sweden, Bengt Dennis, should resign following his statements that the government ought to restrain the economy this fall.

Werner said: "But the most important thing is that we must have a governor of the Bank of Sweden who is in step with the government. And Dennis' distribution policy is worse than the government's."

In the election, the VPK lost one seat in Parliament. But at the same time, the party picked up 13 new seats in the municipalities and 3 on the county councils. What mistakes did the party make in the campaign?

#### Too Few Women

"We had hoped to give environmental issues a bigger place in the debate. We are also unequally distributed, being strong in some districts and weak in others," said Werner, who confessed that women's representation in the VPK is not at all good: "I am actually ashamed of it." There must be improvement in that area: the party leadership has called the attention of the districts to the importance of appointing women to prominent positions.

Another reason why the VPK lost ground in the election was that the party had to take responsibility for the way things are--an example being the government's bad employment policy. It became a defensive struggle, Werner explained.

11798  
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MILITARY

AUSTRIA

## ISSUE OF GUIDED MISSILES FOR ARMY AGAIN ARISES

Frischenschlager On Need

Vienna PROFIL in German 16 Sep 85 p 17

[Interview with Friedhelm Frischenschlager, Austrian Minister of Defense, by Hubertus Czernin; date and place not specified]

[Text] [Question] Our military people keep asking for missiles. The defense spokesman of all three parliamentary factions want missiles. When will the Bundesheer [Federal armed forces] get missiles?

[Answer] This is a subject of very deep significance. Not that I think that this is an enormous problem from the standpoint of theory, international law, or the State Treaty. In those areas, the problems have been solved. But the subject has of course great political significance. Not in party politics, but in matters of defense policy, foreign and state policy. That is why I consider a concerted attack on the problem to be a basic prerequisite. My task now consists of pointing out in every discussion the great disadvantage which our armed forces will sooner or later face without guided missiles.

[Question] Why should that be the case? We have done pretty well so far without guided missiles.

[Answer] Without antitank guided missiles and without anti-aircraft guided missiles our defense concept could hardly prove efficient. Without guided missiles, our mechanized units would be unable to make a move when faced with enemy air attacks. That is a military problem. I will always stress this.

[Question] At the political level, there has been a change. Recently the socialist caucus chief even declared that the missile question would have to be dealt with in the National Defense Council.

[Answer] I believe that in the meantime a more realistic opinion has prevailed. The National Defense Council is the responsible body for this. This is where the political consciences must be tested.

[Question] How badly does the army need the missiles?

[Answer] Compared with the interceptor aircraft, the guided missiles are more important from a purely military standpoint, i.e., in the extreme case of our being attacked and forced to defend ourselves. From the procurement standpoint it is a smaller problem, since it is not very complex. After all, we are not interested in medium-range missiles; all we want are short-range defensive weapons.

[Question] Is a political consensus on the missiles conceivable during the present legislative period?

[Answer] I do believe it is. The guided missiles are of great military urgency.

[Question] You are hoping then to still have a basic decision on the guided missiles during the current legislative period?

[Answer] I am. People will have to realize that something will have to happen in this area. There can be no doubt as to the military urgency. This should now be up for discussion--quietly.

[Question] You do not expect any difficulties from the State Treaty aspect?

[Answer] Certainly not in a legal sense. And politically, I cannot see why we Austrians should be treated worse than, for example, the Finns.

[Question] You would then not ask the signatory powers for permission to initiate procurement?

[Answer] Any weapons procurement is a matter of sovereignty within the framework of the State Treaty. To go hat in hand to the superpowers I do not consider necessary from a legal standpoint; politically, it should be a mistake. If you keep asking for permisison, the one who is being asked gets used to being asked constantly. In the end we might have to ask permission to buy blank cartridges.

#### Small Rockets Already Obtained

Vienna PROFIL in German 23 Sep 85 p 34-36

[Article by Hubertus Czernin: "Austria's Missiles--Four years after signing the State Treaty, the Bundesheer bought its first missiles in deep secrecy. And the number has increased continuously"]

[Text] On 24 September 1959, Alfred Gerber, director of the Swiss Oerlikon machinetool factory, met with an elite group of Bundesheer officers in the Fasangarten barracks. Representatives of army headquarters and high defense officials had gathered to listen to Gerber's lecture.

He dealt with three subjects:

- the OE/CZ 35 mm twin antiaircraft battery;

- the "Mosquito" wire-guided antitank missile;
- and the "Contraves-Oerlikon" remote controlled antiaircraft missile.

In praise of his first product, the antiaircraft battery, Gerber stated that "from the weapons technology aspect, its great rate of fire, firing accuracy and excellent target of the munition, as well as its modern "Super-Fledermaus" fire control system, provide it with all the prerequisite conditions for early detection, acquisition and tracking of the target--i.e., for successful air defense in its caliber class."

The Mosquito, Gerber continued, is effective against armored targets at distances ranging from 400 to 1,800 meters. The missile's shaped-charge warhead, he said, penetrates armor plated thicker than 500 mm. Finally, the Contraves-Oerlikon antiaircraft missile was designed to attack aerial targets at altitudes of up to 20,000 meters and slant ranges of up to 30 km.

On the following day the gentlemen met again, this time on the army's own Doellersheim firing range. The purpose was to test the hot hardware, with the exception of the antiaircraft missile.

The military materiel procurement people soon struck a deal with the Swiss. Austria purchased a number of Mosquitoes and thus became a missile power, through a small one. This happened 4 years after the republic had, strictly speaking, obligated itself in the State Treaty to renounce ownership of missiles.

In 1959 the alpine armada was reinforced by a second procurement: the Bundesheer purchased Czech-made rocket launchers.

Until now, these weapons, which were specifically proscribed in the State Treaty, have been taboo in the Bundesheer. Every officer knew that missiles were stored in the military supply depots; but in view of the State Treaty's provisions, nobody would admit as much. In the national defense plans these facilities were described only in the classified editions; in the technical literature such as TRUPPENDIENST there were some remarks to the effect that the Bundesheer owns about 20,000 missiles launching "Minimax" antitank guns.

Only the constant efforts by Austrian officers to openly equip the antiaircraft and antitank defenses with missiles are bringing the situation to the surface. Finally, Minister for National Defense Friedhelm Frischenschlager himself called for a basic decision for deployment of guided missiles during the present legislative period (PROFIL, 38/85).

A four-page document, which is making the rounds of the ministry's staff offices, describes what we have at present and what army headquarters would like to have in the future.

- "Weapons presently in use in the Bundesheer which fulfill the State Treaty criteria "selfpropelled or guided missile" are without exception unguided 'rocket' types. The Czech 13 cm missile launcher has maximum range, but is entirely obsolete."

- "In 1963 some 'antitank-guided missile platoons' were established and weapons and munitions noncommissioned officers were trained at the Vienna Army Technical School."

- "The 7.5 and 6.3 cm air-to-air/air-to-ground missiles for the J-29F/Saab 105 Oe served on the one hand for the aircrafts' self-defense, and for the J-29F to attack ground targets of low hardness. The tactical benefits of these weapons must be classified as minimal."

The army strategists differentiate between the two types of missile: rockets and guided missiles.

The rocket is defined as a self-propelled missile, weapon, round, projectile with a self-contained propellant charge of a solid or liquid type, which continues to function after the rocket leaves its platform, barrel or launcher."

The guided missile is described as a "rocket, weapon, round or projectile with a guidance device capable of changing its flight path after its firing or launch by overcoming external ballistics, regardless of whether there is a fully integrated guidance system or whether guidance occurs through external influence."

To date the Bundesheer has procured only rockets.

As long ago as 1961, the air force was equipped with

- the M57 "Gerda" Bofors 7.5 cm high explosive rocket; and
- the M60 Bofors 6.3 cm training rocket.

Gerda weighs 7 kg and travels 800 meters/second. The rocket container capsule--attached to the underside of the aircraft--contains harnesses for 14 rockets, which are fired in rapid sequence at intervals of 10 to 20 meters/second. The entire firing sequence lasts about 0.3 seconds.

The Bofors M60 is primarily designed to serve as a training rocket for the 13.5 cm air-to-ground M56 "Adam" rocket. Its head is a cast iron dummy.

For antitank defense, Austria has

- the Mosquito, which however was returned to the Swiss in 1965;
- rockets for the M-72 (66 mm) antitank gun; and
- rockets for the M-20 (88 mm) antitank gun.

The Czech rocket launcher RM 130 is still used for area denial.

Since all the weapons are considered to be obsolete, the wish list in the classified army report is practically limitless.



It contains:

- antiaircraft weapons/shoulder-fired weapons;
- air-to-air guided missiles/infrared guided;
- antitank guided missiles with all-weather capability;
- short-range antiaircraft guided missiles;
- air-to-ground antitank guided missiles;
- modern type rockets;
- medium-range antiaircraft guided missiles;
- radar-controlled air-to-air guided missiles; and
- air-to-ground fragmentation guided missiles.

The report describes these systems as being "of considerable interest."

The officers who have gotten their courage up since the "Draken" procurement have already been shopping around on the missile market.

For the one-man antiaircraft system with an effective range of 3.5 to 6 km slant range, two U.S. systems (Stinger and Redeye), one British (Blowpipe) and one Soviet (SA-7) are available.

For antiaircraft short-range systems with an effective range of 15 to 17 km the procurement types have already located their favorites: the U.S. Sparrow, the Italian Spada/Aspide and the French Shahine/Sica/

Says the army report: "The only antitank guided missile system with all-weather capacity today is the U.S. Tow." It can be used from the ground, from motor vehicles and from helicopters.

As to missile launchers, the defenders of the Fatherland dream about the German system produced in Kassel by Wegmann, and about the U.S. MLRS system.

The defense ministry people even know of guided missiles suitable for the Draken. They too come from Sweden and are known as RBS 70. Their range: 5 kilometers.

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MILITARY

DENMARK

## BORNHOLM'S SIGNIFICANCE AS LISTENING OUTPOST EXPLAINED

Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 85 Sect III p 8

[Article by Nils Eric Boesgaard]

[Text] It was dark as the Neptun, one of the navy's surveillance vessels of the Daphne class, left Ronne harbor on a routine patrol mission around the rocky island and down to the Polish and East German territorial boundaries--to keep an eye on any possible Warsaw Pact naval activities, to monitor fishing in the "gray zone," and to show the flag, in general.

On the way from Ronne to Hammeren the ship's antisubmarine sonar was on and manned, partly as an exercise and partly to warn foreign submarines that they were being watched. The loud "ping" from the sonar could be heard throughout the entire ship but, the skipper said it was nothing compared to the sound that would be heard on board a submarine.

We made no great discoveries during the course of the night. A Russian ocean research ship that had dropped anchor in the open sea was carefully examined. It flashed its signal lamp frantically. But the Neptun sailed around it with its searchlight on and recorded the name and number of the Russian ship. A radio call from the Russians in which they asked in poor English, "Wot skip is dat," was ignored. The gray hull with the white screw current and the swallow-tailed flag left no room for doubt.

### Threat From East

Otherwise, we hardly got a nibble that night, but the chief, Lt Com Torben Simonsen, spoke of more successful patrols during which the ship had observed and registered large squadrons of Warsaw Pact minesweepers moving in a V-formation, followed by a large number of heavily laden landing craft--as precise in their actions as they would be if an invasion of Denmark, northern Germany, or southern Sweden were imminent.

Patrol ships in the Baltic Sea are the most remote outposts of Denmark and NATO toward the East. They are the eyes that, along with Danish and West German air patrols, must check up on the observations that are made around the clock at the two large radio stations at the highest point on Bornholm, Rytterknaegten. The air force's NATO-financed air radar and the navy's sea

radar are both located here. The air force is about to install a totally new Martello radar system, the chief of the air force station, Lt Col H. A. Schroder, said.

It is the task of the radar station to serve as an advanced warning station and, as such, it can look deep into the Soviet Union and far down into Czechoslovakia. It is a part of NADGE, a monitoring and warning system for the air force itself. It also can be used as a local warning station. Finally, it is an important part of the radar surveillance service.

The Rytterknaegten facility also includes the low-altitude warning station of the Air Defense Warning Corps. This station collects all information from the observation towers of the corps and coordinates it with reports from the Home Guard, so that no enemy will be able to slip by undetected over or in the sea.

The naval radar station has the same task, but it observes the ocean surface.

The sea radar follows all shipping traffic in the Baltic Sea. Unknown signals are investigated by coastal observation stations and by surveillance vessels in the Baltic Sea. If they are extremely busy, however, they can ask the air force to investigate the matter.

#### A Minibrigade

Bornholm's significance as an outpost to the East and the local defense of the island are two different matters. It is easy to imagine that a Warsaw Pact attack against the West would level the radar stations, but otherwise roll right past Bornholm. It could always be taken later. Herein lies the significance of the Bornholm Guard--the Marines, as they like to call themselves--which is quite unique in its composition. The regiment, which has the Bornholm dragon on its emblem, is comprised of all branches of the service, including infantry, artillery, engineers, service corps, and medics, according to the head of the regiment, Col B. Heiberg-Iurgensen.

"There is no doubt that Bornholm is extremely vulnerable," Colonel Heiberg-Iurgensen said. "We will have an extremely short warning if war breaks out. A fighter plane requires 9 minutes to fly from Poland, 13 minutes from East Germany, and 20 minutes from the Soviet Union."

#### Bornholm Is Vulnerable

Bornholm is about 300 km east of the Iron Curtain. As a result, the island is considered to be extremely vulnerable--especially if Denmark were to abandon NATO cooperation, as certain left-wing politicians advocate.

If NATO preparedness is weakened, it would be easy to imagine an isolated Warsaw Pact attack against Bornholm and, for example, the Norwegian island of Svalbard in the Arctic Ocean, as an attempt to show that NATO lacks the will or ability to oppose the will of the Kremlin or as bargaining chips in international horse trading.

The people of Bornholm understand the problem quite well. As a result, soldiers in the Bornholm Guard are a welcome part of the population.

Bornholm is the only part of Denmark that ever fought and won its independence and then returned to the kingdom. This occurred in 1659 after Skane was lost to Sweden. The people of Bornholm did not want to be Swedes, so they revolted.

Although that was long ago, the memory lives on among the people of Bornholm, who actually support the military more than the inhabitants of other parts of the country. They have not forgotten the German occupation and they have certainly not forgotten the Soviet bombardment on May Day 1945--and 8,000 Russians' liberation of the island. They have no desire to relive this experience.

As a result, the people of Bornholm are particularly active in the defense of their island. About 3 percent of the people are active in the Home Guard, according to the chief of the Home Guard on the island, Lt Col Jorgen Clausen. He pointed out that the figure for the rest of the country was just 1.5 percent.

This means that 1,000 home guardmen and about 400 observers from the Air Defense Warning Corps have made Bornholm one of the most closely watched areas in Denmark. When they are all in position, it would be extremely difficult for an enemy commando force to land undetected. The home guardsmen know their neighbors much too well for this to happen.

9336

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MILITARY

DENMARK

MILITARY EXPERTS ATTACK LEFTIST 'DEFENSIVE' ORGANIZATION

Copenhagen BERLINGSKE TIDENDE in Danish 13 Oct 85 p 14

[Article by Nils Eric Boesgaard]

[Text] Danish military experts from the highest defense training institute, the Defense Academy, warn against the leftist idea of an inexpensive, nonprovocative military. "It is national suicide," the military experts say.

A defensive military would be an invitation for an attack against Denmark. That would be a conspicuous opportunity to strike a weak military defense that would be unable to strike back. Defenseless Danish soldiers, from whom proponents of these ideas would take away armored vehicles, which could appear provocative, would be in an impossible situation in the face of modern weapons and, if the unthinkable should occur, they would burn up in the heat wave from nuclear weapons exploded at high altitude.

Enemy commanders could soon send troops into lightly contaminated areas, a panel of Danish military experts from the Defense Academy told BERLINGSKE SONDAAG. They were seriously concerned about and rejected the theories of certain left-wing Danish politicians who support a "inexpensive, nonprovocative Danish peacetime defense system."

The panel consisted of the head of the academy, Col P. B. Nielsen, Lt Col K. V. Nielsen, Maj S. Bergstein, and operations analyst for the Defense Research Service, civil engineer Svend Clausen.

They stressed that the Danish defense system and, for that matter the entire NATO defense system, was totally defensive in nature. There is no one, not even in the Soviet Union, who in his wildest fantasy imagines an aggressive Danish military policy. But it is a fact, of course, that all weapons are offensive to a certain extent and that an effective conventional defense system must be based on the possibility of counterattack.

Absurd Ideas

On this background, the idea certain left-wing Danish politicians have concerning a defensive military is absurd, especially since military experts are



convinced that the implementation of a defensive military system in Western Europe would be a direct invitation to the Soviet Union to attack, for example, Denmark and West Germany, understanding full well that such an attack would be totally safe.

Political theoreticians who have recently become loud spokesmen for the West German Social Democrats are most clearly characterized by their lack of knowledge on military matters.

Their theories are certainly tempting: a defensive military is an inexpensive military. It does not threaten anyone, not even in a crisis. In addition, spokesmen for the defensive military naively assume that Denmark is part of a Nordic zone that would be kept nuclear-free, even during a war.

As a result Denmark, through a series of new international agreements, would place itself outside the joint NATO strategy and would place unacceptable limitations on the allied nations that are supposed to come to our aid in a crisis or war.

Nuclear weapons are political and not military weapons, according to the panel. But the presence of nuclear weapons and the ability to use them if all other possibilities are exhausted is a deterrent. This makes the enemy uncertain and forces him to take certain precautions.

Apart from the fact that an agreement guaranteed by both the United States and the Soviet Union is a utopian idea at present, it is totally unthinkable that such an agreement would be upheld during a war. It is impossible to imagine, for example, that the Soviet Union would refrain from sending nuclear-armed warships through the Danish straits.

In practice, theoreticians such as the West German peace researcher Horst Afheldt have conceived of a defensive military force that would consist of extremely small defense groups spread out over the entire territory and equipped with light, high-technology weapons without armored protection and without the necessary mobility to regroup their forces and undertake counter-attacks.

According to the experts, the result of this would be that most of the forces would never influence the outcome of the battle, since they would be unable to move to the location where the attacker had concentrated his forces. At the same time, it is unthinkable that an area occupied by an attacker could be retaken with conventional weapons. That would clearly increase the risk of a transition to nuclear war.

The NATO countries have a wait-and-see, nonprovocative, and deterrent (as opposed to threatening) strategy. It is a strategy, according to which the NATO countries would never be the first to use armed force in a conflict.

According to Marxist-Leninist thinking, a war against NATO would be a just war, since it would be a continuation of the class struggle and its goal would be to liberate the oppressed classes of the West from the yoke of capitalism.

Thus, the communist forces of Eastern Europe are clearly offensive in structure and planning. The Warsaw Pact would be able to concentrate its forces in such a way that a defensive military structure, because its forces would be spread out as indicated above, would be unable to prevent the occupation of those parts of our territory that the Soviet Union wants, such as coastal areas of the Danish straits and air bases on Jutland. Since it would be impossible to retake these areas with conventional means, we are actually dealing with a "defense by capitulation." If Copenhagen were occupied, a Danish government could hardly refuse a Soviet demand that Denmark withdraw immediately from NATO.

The communist takeover itself would follow automatically, as was the case in the Baltic states, perhaps with military assistance from the Kremlin.

Perhaps this is not what the "defensive military" supporters have in mind.

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MILITARY

DENMARK

# DEPARTING NATO ATLANTIC COMMANDER PRAISES COUNTRY'S NAVY

Copenhagen BERLINGSKE TIDENDE in Danish 15 Oct 85 p 7

[Article by Niels Eric Boesgaard]

[Text] "NATO has still got too few escort vessels to protect the sea lanes across the Atlantic against the threat of Soviet submarines," says departing American admiral.

"The Danish Navy has impressed me with its professional conduct and its modern, efficient vessels, especially the corvettes and the motor torpedo boats," the departing NATO Atlantic Commander, American Admiral Wesley McDonald, yesterday told BERLINGSKE TIDENDE.

The admiral will retire by the end of November and is at present on a trip, visiting the European NATO partners to say goodbye to them. He was yesterday General O.K. Lind's guest at a luncheon at the Defense Command headquarters and will later on sail from Elsinore to Copenhagen on board the corvette Ivar Huitfeldt. Last night, he was the guest of the minister of defense at a dinner given in Copenhagen.

Admiral McDonald will be succeeded by the present chief of the NATO naval forces in the Mediterranean, four-star general Admiral Lee Baggett.

## Stresses Right of Navigation

McDonald stressed that the participation on the part of American naval forces in the ongoing American, Danish, West German naval maneuvers in the Baltic, in which the giant battle ship Iowa, among others, participates, is a recurrent event the primary purpose of which, as far as the Americans are concerned, is to emphasize their right to navigate international waters--just like the Russians, who, at present, have four vessels on maneuvers in the Gulf of Mexico.

The maneuvers in the Baltic comprise from the Danish side the frigate Peder Skram, the corvettes Niels Juel and Peder Tordenskjold, as well as a number of

Willemoes power missile-carrying submarines. In addition, a considerable number of West German vessels participate in the maneuvers.

The admiral, who, among other things, is responsible for the supply routes via the Atlantic and through the Greenland waters, stated that the heavy Soviet naval build-up, especially in the area of submarines, constituted the major threat against NATO within his territory. The navy of the Western Alliance is still numerically inferior but, he added, recent years have seen great progress in the areas of technology and training.

7262

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MILITARY

DENMARK

# TACTICAL AIR COMMAND CHIEF: DRAKENS MUST SOON BE REPLACED

Copenhagen BERLINGSKE TIDENDE in Danish 21 Oct 85 p 8

[Article by Nils Eric Boesgaard]

[Text] It is necessary to procure a strong new and economical fighter plane to replace the aging Drakens that were built during the 1950's, according to the chief of the Tactical Air Command.

The air force will have only 89 genuine fighter planes in the early 1990's when the Drakens must be replaced, Tactical Air Command chief Maj Gen C. S. Borgesen wrote in the journal STAMPERSONEL.

The Draken should be replaced with a modern, effective fighter that is economical to operate, simply because no other weapons system will be able to fill the void left by the Draken, according to the article, in which the Tactical Air Command chief dealt with the future of the air force.

The Draken was designed in the 1950's, but it was obtained by the Danish air force until 1970 or 1971. Experience shows that the technical and operative lifetime of a fighter is about 20 years. Preliminary studies show that it would be unprofitable to keep these planes in operation beyond the early 1990's. At that time, it would clearly be inferior to the Eastern bloc planes it would possibly have to confront. The planes would be expensive to maintain because of a shortage of spare parts and they would be extremely uneconomical because of their high fuel consumption, which is already 60 percent higher than that of the F-16.

Major General Borgesen explained that two weapons systems would form the backbone of the air force during the coming decades. They are the F-16 planes and HAWK missiles. Both of these systems are undergoing constant development. Technological updating is an ongoing process that occurs in close cooperation with our allies.

With regard to the combat strength of the air force, the general said that a gradual expansion of weapons and ammunition stockpiles was underway. The first Sidewinder missiles have already been received. They proved to be extremely effective during the Falklands War.



The air force has ordered active electronic self-defense equipment for the fighters and plans to procure the advanced Amraam antiaircraft missile, which is designed to hit enemy planes from an extremely long range.

More conventional equipment that is on the way includes new air-to-sea missiles and new, improved ammunition for the conventional 40-mm antiaircraft guns.

But the air force is more than weapons systems. Even today, the air force has a number of useful peacetime tasks. These include fisheries inspection, rescue services, transportation to hospitals, antipollution measures, and search missions.

"I believe our role in these areas can be expanded in the future," Major General Borgesen said. "Once we have obtained new equipment, the air force could become more active in observing and combatting oil spills. If other governmental agencies procure special aircraft for these purposes, it would be only natural for the air force, with its experience and technical organization, to assume the task of maintaining and operating such planes."

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MILITARY

DENMARK

ARMED FORCES CONCERNED OVER COMPUTER SECURITY

Copenhagen BERLINGSKE TIDENDE in Danish 21 Oct 85 Sect III p 9

[Article by Nils Eric Boesgaard]

[Text] Cryptography and passwords safeguard the computer systems of the military. The human factor ranks high on the military's list of vulnerable points in computer security.

The military has a number of advanced computer systems. They can be divided into two main groups. The first is administrative. These computer systems are used, for example, to handle the wages of a large number of people. These systems are the same as those found in large modern industrial companies. The other group is operative. These computer systems are used to manage air force and naval operations in war and peace. Their functions are highly classified.

"In its security regulations, the military has a number of paragraphs that deal directly with electronic security. Of course, most of these directives cannot be made public, since this would compromise security," Kjeld Flodstrup, computer consultant for the Defense Command, told BERLINGSKE TIDENDE.

"The term security itself can be divided into several categories, such as state security, privacy (citizens' security), availability (operational security), and reliability (qualitative security).

These security categories are subject to various threats. First of all there are "errors," i.e. mishaps, mistakes, and omissions. Then there is "abuse," i.e. espionage, theft, manipulation, wiretaps, and intentional destruction. Finally, there are "catastrophes," i.e. machine failure, disruptions in the power supply, mistakes in installation, fires, and the like, according to Kjeld Flodstrup.

"In general, the vulnerability of military computer systems is evaluated in such a way that the necessary security precautions are established on the basis of the user's estimate of the system's classification, an evaluation of the potential danger, and a risk analysis. On the basis of this analysis, all computer systems are then provided with security arrangements in accordance with their need for protection."

In this connection, there is an ongoing adaptation of computer security to technological developments. As an example, the introduction of fiber-optic cables has made data communications possible with much less radiation from the network.

Computer systems without communications with the outside world (stand-alone systems) cannot be tapped by external systems. Systems that use the public telecommunications network, however, cannot communicate with facilities in which information is encoded before transmission, according to Kjeld Flodstrup.

"It is impossible to enter a computer that uses a system of permanently connected lines. The user must identify himself, his terminal, and the system to which he wants access by using 'passwords'--code words that are changed at irregular intervals," Flodstrup said.

"Several years ago we saw the film 'War Games,' which was about several young people who cracked the code to the computer facilities of the American Defense Department. That would be impossible here. Of course, it is conceivable that a person could guess the necessary passwords, but that would be about the same as guessing the number for the grand prize in the state lottery three consecutive times," the computer consultant said.

There is a human factor in the security system and it ranks high on the military's list of vulnerable points in computer systems. At the top of the list is the category of "criminal acts." Number two is "misuse for political goals." Somewhere down the list is the category of "key persons." The most dangerous situation is a combination of these three factors, that is to say people with access to the systems who know the code words and are prepared to sell themselves.

Obviously, the reliability of the personnel is strictly monitored, but as experience from other countries has shown, this is not always effective. As a result, key persons are under constant surveillance. This is such a sensitive job that the least suspicion toward a person means dismissal with 3 months' notice, immediate transfer from the key position, and a change of all code words.

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CSO: 3613/15

MILITARY

DENMARK

BRIEFS

PANEL APPROVES NATO PROJECT--The Finance Committee passed 12 resolutions and deferred four matters to Wednesday's meeting. Traffic Minister Arne Melchior (Center Democrat) received the approval of the Finance Committee for a plan, whereby 126 officials at the Copenhagen airport would be given salaried positions instead of working on a contract basis. Defense Minister Hans Engell (Conservative), on the other hand, "only" received the committee's approval on his application for 6.8 million kroner to establish a joint LYNX helicopter simulator and training center for NATO in the Netherlands. His applications for 261 million kroner as a contribution to NATO's 6-year program for 1985 to 1990 was postponed, however, since the committee had several questions concerning the application. They also had questions concerning the construction of a temporary depot in Almindingen on Bornholm for storing war gases. The defense minister's other applications for two new bunkers for the air force squadrons in Tirstrup and Vandel at a cost of 20 million kroner were approved. In addition, the Geodetic Institute will be able to purchase a new plotter, so that the institute will be better able to carry out its mapping activities. [By Kim Barren] [Exerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 24 Oct 85 p 13] 9336

SHIPS FOR GREENLAND, FAEROES--An interministerial committee under the Ministry of Defense recommends in a report that the construction of four helicopter-carrying fishing inspection vessels for Greenland and the Faeroes be started as soon as possible--possibly in two installments. The new vessels will replace four fishing inspection vessels of the Hvidbjørn class. Each vessel will cost 310 million kroner. In a decision of 31 May, the Folketing has requested the government to start the construction as soon as possible of two helicopter-carrying inspection vessels. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 15 Oct 85 p 9] 7262

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MILITARY

FINLAND

PAPER ASSERTS AIR FORCE HAS SUFFICIENT HAWKS

Helsinki HELSINGIN SANOMAT in Finnish 13 Oct 85 p 2

[Editorial: "Merio's Hawk Proposal Needs Justification"]

[Text] In connection with the latest delivery of Hawk trainers, Air Force commander Lt Gen Rauno Merio said that the Air Force needs 30 new Hawks. They would cost about 1.2 billion markkas, or roughly the same as the consignment of 50 planes that has now been completed.

Merio justified his surprising proposal primarily by raising training requirements. The Air Force's mission has, however, remained the same as it was and its operations have not significantly been expanded since the 50 Hawks were ordered slightly under 8 years ago. It is therefore hard to believe that there has been a sudden change in the quantity or quality of training.

This being the case, there may be three alternative reasons behind the surprising proposal.

The first is that the Air Force would get as many flight hours out of the Hawks as had been originally calculated. Officially, the planes have received nothing but praise, but in reality their wings have had to be reinforced and major changes have been made in the brakes. The defects are, however, initial difficulties which do not explain the need for an additional 30 planes.

The second reason for the demand for additional planes may be the fact that the Air Force has discovered some new ways of using the Hawks. One of them might be the arming of the planes with air-to-air missiles and using them on cruise missile defense missions, for example. The matter has been considered, but orders have not been submitted, nor have any of the Hawks assembled at Valmet's Kuorevesi plant been equipped with the guidance systems required for missile installation.

A big miscalculation is the third reason for demanding 30 additional planes. It is hard to believe in a weapon type for which great importance is laid on mathematical ingenuity in striving to get it into service.

Submitting an over a billion markka order for Hawks was a poorly timed move because it needs really strong arguments to support it. These the commander of the Air Force has not so far presented.



MILITARY

FINLAND

# KARELIAN SQUADRON PRACTICES USING HIGHWAYS FOR AIRFIELDS

Helsinki HELSINGIN SANOMAT in Finnish 13 Oct 85 p 31

[Article by Jorma Korhonen: "Road to Sky Open"]

[Text] Flying at high altitude at twice the speed of sound the MiG-21-bis defense fighter dove to a landing on an Upper Savo highway. The engine roared like a giant blowtorch. All of the pilot's limbs were working at fever pitch concentrating on the orders hurled at them via his sense of sight.

A stand of spruce bordering the wide stretch of road resounded in surprise when this Soviet-made fist of the Finnish Air Force stretched out its landing gear toward the ground. When its wheels touched the pavement, the plane's speed was still about 300 km an hour. Weighing almost 10 tons, the camouflaged air weapon came to a stop surprisingly quickly and in a minute rolled into a shelter hidden from sight in the forest.

The drivers of the semis that came to a stop in front of the roadblocks placed at the ends of the temporary landing strip stared in amazement: Jet fighters had invaded their territory.

A Karelian Squadron exercise was in progress at the support base established on the Iisalmi-Oulu highway in the town of Vierema. Fighter Plane Fleet 31 was present in full strength. An antiaircraft unit was defending the support base.

Outwardly, the practice situation of the airfield company composed mainly of reservists was reminiscent of a full-scale war. When a crisis arises, the common sense of the Finnish ground forces orders them: into the forest! The Air Force obeys the same order and put it into practice. The same trend exists elsewhere in the world. Regular airfields and support bases are vacated and operations move into sheltered temporary support bases when there is the threat of an attack.

If necessary, the Swedish Air Force is capable of very quickly moving into highway support bases, of moving all of its 450 defense fighters away from the positions marked on maps. In the spirit of the times, the Federal Republic of Germany's Luftwaffe makes use of temporary runways on freeways if necessary. Runways for special air traffic needs are also located on Norway's road network.

Some years ago the TVL [Road Administration Union] built emergency landing strips for airplanes throughout the road network. They are from two to three times as wide as ordinary roads and about 3 km long, and are noticeable to all drivers as runways, although they do not appear on maps. Their purpose was above all to ensure civilian traffic, scheduled traffic and air safety. In designing the landing strips, right from the start they also took into consideration military aircraft requirements.

With the increase in size of domestic air traffic commercial planes, the emergency landing strips lost their original importance. At the same time they were able to and wanted to increase their military use.

The emergency landing strips are part of the road network and the TVL takes care of their maintenance. The liaison officer of the TVH's [Road Network Administration] military office handles communication with the defense establishment. The highway airfields' several permanent message centers are responsible for telecommunications. The military districts and provinces also in part supervise the airfield system.

Air Force commander Lt Gen Rauno Merio does not demand an increase in the number of emergency highway landing strips, but he does hope for an improvement in the existing quality.

Merio feels that it is necessary to increase both the training of pilots at temporary airfields and the readiness of the air defense units operating within the country to perform under field conditions. "The training of reserves is an essential part of this idea," Merio emphasized.

#### Support Base in Shape in Six Hours

The Karelian Squadron brought its new Hawk trainer fighters to the Vierema exercise in addition to its MiG's. The Fokker transport and the domestic Leko basic trainer appeared in secondary roles. Composed of reservists, the airfield company arrived with its flight commands and communications equipment on wheels. The temporary support base got itself ready for action in 6 hours. Roadblocks directed civilian traffic to detours.

The last time the emergency landing strip was used for air defense was in 1977. The small number of exercises is due to a scarcity of appropriations. MiG-2-bis type and Hawk trainer fighters were not included in the equipment the last time.

When the exercise began, a worried-looking major picked up pebbles from the pavement: "An incredibly small fragment of stone can cause a million in damages in a jet engine," he explained.

"Stones constantly find their way onto the runway in the tires of civilian cars, especially trucks." The cleaning vehicle took off to check and see whether stones had gotten onto it.

It was part of the spirit of the flight exercise held at the highway support base to adapt to the needs of civilian life despite the crisis premise. Planes had to get out of the way of buses in service, emergency vehicles and heavier freight traffic in regular turns. In a real situation too, civilian and military and surface and air traffic would have to put up with one another if the flight support base were soon to be closed under strict watch for reasons of military secrecy and for operational reasons.

In its initial phase the Karelian Squadron exercise closed down K. Nissinen of Salahmi's general store and bar, which was also inside the exercise area. With their roadblocks and assault rifles, guards prevented customers from gaining access to the road leading to the store. "On the second morning we expressed a mild criticism to the soldiers about the matter and so the roadblocks were moved and the store was released from the blockade," the merchant commended them.

Fast freight drivers, whom the guards directed to winding gravel detours dating back to the days of the czar or offered the alternative of indefinitely long waiting at the roadblock, also daily voiced their criticism.

#### Some of the Planes Spent the Nights at the Side of the Road

In all actuality the Vierema exercise depended on Kuopio's Rissala Airport, the Karelian Squadron's regular support base, to which a MiG fighter can cover the distance from the highway support base in a few minutes. Some of the planes, however, spent the nights in the shade of the [camouflage] nets and spruces from where they flew night flights a couple of times.

The defense fleet did not even dream of a combat situation or a guiding principle during the Vierema exercise; rather the highway maneuver consisted only of air exercises, ordinary training flight missions.

The antiaircraft division that had taken up a position to defend the highway support base, on the other hand, had a full-fledged racket going on overhead. They had abundant opportunity to fire their guns. Due to the circumstances, the exercise was certainly contradictory, downright schizophrenic: Since there was not even an imaginary enemy attacking from the air, the antiaircraft batteries fired at their own planes — the same MiG's and Hawks from Kuopio that they were expressly stationed there to protect and defend.

The Air Force has so far not used highway support bases for winter training exercises. There is a need for it, but the risks and inconveniences are considerable. Weather conditions and the safety provisions associated with them may prevent exercises at temporary airfields when the ground is not frozen as well. On the Vierema road the fall winds and fogs barely remained at the tolerance limit. The fighter pilots got to be fairly familiar with the emergency landing strip and its characteristics. The objective is namely to develop an air defense strike force that is as tough as possible and procure alternatives for it and the ability to transform itself.



The Karelian Squadron's "highway exercise" was held on the Iisalmi-Oulu highway in the area around the town of Vierema.

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MILITARY

FINLAND

BRIEFS

MISSILE BOAT MOTHER SHIP--The Navy is selling its phased-out mother ship "Louhi." The vessel is now partially dismantled at a dock at the Turku Naval Station and it is not in running condition. Having gotten onto the for-sale list as an end to its working days, the "Louhi" began its busy working life as the icebreaker "Sisu" in 1939. From the start, the vessel was built as both an icebreaker and a mother ship for submarines for military use. When it ended its active career as an icebreaker, "Sisu" was transferred to service with the Navy in 1975 and christened "Louhi." At the same time it received light anti-aircraft gunnery, among other items, on its deck. Having served as a mother ship for missile boats and for staff use, the "Louhi" is 65 meters long and 14 meters wide. The "Sisu" was Finland's first icebreaker, on which a diesel-electric combination in the main engine roared instead of a steam engine.  
[Text] [Helsinki HELSINGIN SANOMAT in Finnish 21 Sep 85 p 13] 11466

CSO: 3617/4



MILITARY

NETHERLANDS

#### MISSION OF NATIONAL TERRITORIAL COMMAND DESCRIBED

The Hague LEGERKOERIER in Dutch Sep 85 pp 14-17

[Article by R.H.J.B.: "National Territorial Commander, 'The Mission Is Getting More Extensive and the Responsibilities Greater' "]

[Text] "In the past 10 years the National Territorial Command has really taken off, and in the near future the responsibilities will be getting greater and greater and the mission more and more extensive. Not long ago the provincial administrators were added to my command, and in a short time the Welfare Service, the Canteen Service (CADI), and the first and second echelon medical care--i.e. the caserne infirmaries with their doctors, dentists, and such--will come under my responsibility." The speaker is Major General A. de Bruijne, since 29 May 1985 National Territorial Commander, at his headquarters in the Prins Willem Alexanderkazerne in the city of Gouda.

Among the most important tasks of the National Territorial Command (NTC) in peacetime are the following:

- a) Securing and guarding Royal Land Forces objects and other objects in the Netherlands designated by the Commander.
- b) Preparation for mobilization.
- c) Civil-military cooperation.
- d) "Host nation support."
- e) Transport and traffic control.
- f) Explosives clean up.
- g) Base management.

The National Territorial Commander falls under the Commander, Land Forces (BLS) and as such receives guidelines from him. That means that policy is outlined in the Hague, and that the execution is delegated to Gouda.

#### Security

Securing and guarding those military objects where troops are stationed is pretty easy for the NTC staff. Units are required to do the job with the troops at hand. Much more difficult is the task of securing the many objects [where troops are not stationed], such as workshops, mobilization complexes, and ammunition complexes, against intruders. According to Colonel H.J. Best, chief of NTC's G3, the degree

of vulnerability is determined for each object, after which a security classification is made. Then the regulations state (based on guidelines from the Commander, Land Forces) how the object is to be secured.

Security can vary from armed guards 24 hours a day to having patrols check at irregular intervals. In addition, increasing use is being made of electronic aids. Unfortunately, experience teaches that securing military objects is an urgent necessity. The general rule is not to make things easy for intruders. It is well known that the underworld is very interested in weapons and ammunition. Consequently in recent years it has been necessary to be far more careful in storing weapons and ammunition. Colonel Best: "If you do the job right, you can do a lot with the men and means available, although I realize that it is often a monotonous job. But even the most modern electronics cannot replace human beings."

The NTC uses military personnel and civilians for its security work. The eight territorial security companies use conscripts mainly to patrol those places where there is no permanent guard outside duty hours. One problem is that in these companies the troops are available for their actual work only about 50 percent of the time. Training, sports, and of course (compensatory) leave absorb a lot of time.

The over 350 civilian guards and the roughly 180 guards with dogs also have to take time for training and leave. As part of the effort to provide better motivation, Colonel Best says that the so-called "refresher courses" have already borne fruit. "We realize that carrying out security work is difficult enough. Either the civilian or the soldier may have to decide on his own whether or not to use his weapons. We realize only too well that those who carry out the security work must be supplied with the best possible equipment, such as searchlights and communications equipment."

#### Mobilization Preparation, A Complicated Operation

The NTC staff is charged with preparing for mobilization on behalf of the Royal Land Forces and the Mobile Columns Corps. This involves some 150,000 men. It also prepares the requisitioning of civil vehicles for the Royal Air Force and the Royal Navy. According to Colonel J.J.J.M.M. Vos, chief of the Mobilization Preparation Section of the NTC staff, mobilizing the land forces in particular is not only a vital but also a very extensive and complicated operation. It demands detailed planning, preparation down to the smallest details, regular practice, and unceasing attention. In the Mobilization Preparation Section all the threads of mobilization preparation come together in one place. That means providing the people to fill out the units but also seeing that the stored-up material is at hand and usable. In addition, the Mobilization Preparation Section sees to it that both the individual and the unit are trained, through courses and refresher exercises."

Preparing and organizing refresher exercises is the responsibility of the Refresher Exercises Command in Ossendrecht, which also is part of the NTC. "But," says Colonel Best, "the people alone won't get you far. A reserve unit also has to have equipment, and that can come from any one of three places. The equipment can be in storage; it can be loaned out to a training unit; and a third possibility is that it will have to be requisitioned during mobilization. The equipment in storage is in some 60 complexes scattered throughout the entire country. Those complexes hold roughly 200,000 pieces of equipment, such as tanks, wheeled vehicles, and artillery pieces, in storage."

"In addition there are stockpiles of food, fuel, ammunition, and also drugs and dressings. As a check on the preparations for mobilization, each year an exercise is held under the name 'Thunderbolt.' This 'practice' shows that it will all work, but also every time that the preparations cannot be too careful and too detailed."

#### Civil-Military Cooperation a Necessity

As part of the so-called preparation for war, there is regular coordination and cooperation at all levels. Just securing the territory of the Dutch state, one of the NTC's chief tasks in wartime, demands cooperation with just about all the ministries, but also with (quasi) governmental institutions such as the Dutch Railroads, the electrical utilities, the State Public Works, etc., etc. At a lower level, there is cooperation on such matters as how to carry out martial law in wartime. This calls for cooperation between provincial military commanders, provincial governors, and mayors. General De Bruine: "Every provincial military commander has to know all the mayors in his province. That cooperation is going well. I have just experienced it myself during my familiarization with conditions across the country. We are far enough along on the preparations that we can guarantee civil-military cooperation under wartime conditions."

#### English Is the Operational Language in the POMSS's

As part of NTC's "host nation" task (supporting the NATO armed forces that are on Dutch territory) not long ago a new organization was started up as one of the newest arrows in the NTC quiver: the POMSS's. These "Prepositioned Organizational Materiel Storage Sites" are complexes built at NATO's cost in Brunssum, Vriezenveen, Ter Apel, Coevorden, and Eijgelshoven, where American equipment for one and a third armored divisions is stored. The total construction costs come to 500 million guilders, and the yearly operating costs are estimated at 100 million guilders. When all five complexes are operational and the main office in Coevorden has come into operation, they will provide work for some 1400 civilians. The total cost of the equipment in storage comes to 4.5 billion guilders.

According to D.A. Ordelman, "general manager" of the five depots, it is really exceptional that the Americans have their equipment under Dutch management. Naturally they have a lot to say about what goes on; in the final analysis it their equipment, and they provide all the money, including the personnel costs. (The accounts are settled with the Ministry of Defense.) Of course for practical reasons too 20 American military personnel work at each complex. Also, at the headquarters staff (65 men and women) there is an American advisory group under an American lieutenant colonel that has direct contact with the command of the U.S. armed forces in Europe. "I can't think of doing my job without optimal cooperation with the Americans," Ordelman comments. "And that is one of the reasons why the operational language here is English. We are contractually responsible for receipt, maintenance, and finally issuance ready for use. At the present time we are still busy translating the complex American regulations into Dutch ones."

"Further, we will in a general way take the American wishes into consideration as far as possible." The people doing the technical work have just about all received training with the Americans in Germany. Ordelman, like some of the civilians under the NTC, really does not consider himself a civil servant, but rather a manager who sees his job as a challenge and wants to get it done.

#### Transport and Traffic

Very possibly the most important aspect of "host nation support" is transport and traffic control. The 812th Transport Group's Transport and Traffic Section manages military transport and other military traffic in the Netherlands, both in peacetime and in wartime. Not only on behalf of Dutch units, but also for other NATO countries that use Dutch territory.

A large number of transport units are reserve units. The standing territorial transport companies are tasked with "scheduled service" among other things, and they also give transport support to the three supply commands, training units, and the National Reserve [NATRES] Corps.

#### The Future of NATRES: 191 Platoons

During mobilization and also afterwards the NTC has an extremely valuable weapon at its disposal: the National Reserve Corps. The current 143 platoons are of inestimable value because in principle they

operate in their own region, which they know like the back of their hand. General De Bruine: "Fortunately there is still great interest in the National Reserve. The last enlistment campaign provided 2000 candidates; a fine thing. 2<sup>nd</sup> company headquarters have now been established over the 143 platoons, but we are still busy actually setting them up. In a number of places there are still shortages. Both of professional instructors, for instance, and of training equipment. The armament of the members of the National Reserve Corps is receiving my full attention. I hope that within the foreseeable future we will have approval from the Commander, Land Forces to expand the National Reserve Corps to 191 platoons."

#### Governor of the Capital

Major General De Bruine is happy with his new job as National Territorial Commander. A number of things were not new to him, since he had already dealt with NTC affairs in various positions. Back in 1975 he was in the Mobilization Preparation Section, and as commander both of a small caserne and of a large army camp, he knew what the NTC's "base management function" involved. The very day after De Bruine took over the NTC command from Major General Cohen, he was faced with his secondary job as "governor of the capital." In practice it looks like a ceremonial job for when the Queen receives foreign statesmen and other important guests in Amsterdam. In fact the "governor of the capital" is responsible for the entire military part of that, including the military ceremony.

#### 50,000 Men in Wartime

Under the National Territorial Commander also fall the Explosives Clean Up Command, the Royal Military Band, and the Map Storage and Issuance Platoon. In peacetime the National Territorial Command numbers around 10,000 people: 5000 military and 5000 civilians. In wartime another 40,000 military will be added.

The shorter working week, which has now also been introduced in the armed forces, has also resulted in personnel shortages in the NTC. Particularly in the security sector there is a clear problem: less time, although it is necessary to guard longer hours. General De Bruine hopes that within half a year the first supplemental manpower will arrive.

The expansion of the NTC's tasks has led first of all to an expansion of the staff, which as a result is now divided between two locations. At present part of the staff is in the Prins Willem Alexanderkazerne and another part in rented space in De Goudse Poort (an office building a few kilometers away). According to De Bruine, it is not an ideal situation, because it presents some obstacles to coordination within his staff. However, it is expected that work will begin in 1986 on expanding the Prins Willem Alexanderkazerne, so that after a while the entire staff will again be housed in one location.

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MILITARY

SWEDEN

## NAVY TESTS PROVE DIFFICULTY IN DETECTING MINISUBMARINES

Stockholm DAGENS NYHETER in Swedish 17 Oct 85 p 6

[Article by Anders Ohman]

[Text] Difficult to detect, good and reliable performance, but vulnerable to armed attack--this is how the navy summarized 1 year of experience with two Yugoslavian "minisubmarines" or diving vessels, as they are more correctly called.

"Stor-Klas" and "Lill-Klas," which are part of the navy's submarine defense organization, have been almost impossible to detect with the eye or with instruments when these minisubs are ready for action.

"They are extremely difficult to detect," said Wyn Enqvist of the naval staff. This was on Wednesday, when some of the secrecy surrounding the two Yugoslavian diving vessels, R1 and R2, was lifted.

The navy did not wish to reveal much more about the tactical advantages the submarine defense has gained from the two minisubmarines--which are not actually submarines, but diving vessels.

They arrived in Sweden just before Christmas of 1984. Earlier that fall naval personnel had been trained in Yugoslavia for 5 weeks. The training included technical aspects, tactics, and practical handling experience.

The vessels were modified somewhat in Sweden so they would be better suited to the salty Baltic Sea water, which required changes in the ballast and diving systems.

Like A Torpedo

The navy obtained the two diving vessels in order to test their surveillance equipment. The term "foreign underwater activity" appeared in the vocabulary of the navy during the submarine incident in Karlskrona in February 1984.

Later a report on this incident from the commander in chief spoke of underwater mopeds and other vessels that were neither divers nor submarines.



"We say that this technology is a step above swimming fins," said Lt Mats Jaxvall and Lt Goran Forsen, who operate the diving vessels.

The smaller vessel is called R1. It is a one-man vessel for a fully equipped diver who wants to take along certain extra equipment. It looks like a torpedo with a nose cone, a built-in cargo space, and a plexiglass shield for protection against currents. A pressure-resistant container holds navigating equipment, a hydrophone, a depth finder, and a gyrocompass.

A battery holder is placed under the diver. At the very back there is an electric motor, a rudder, and a propeller. R1 is 3.7 m long and weighs 150 kg.

Like A Minisub

"It can be released through the torpedo tube of a submarine," said Bjorn Willen, a naval captain at the first submarine flotilla. "Lill-Klas" has an operating radius of about 8 or 9 nautical miles.

"Stor-Klas" is a vessel that looks more like a minisubmarine. Only a small portion of the hull could be seen when Mats Jaxvall and Goran Forsen demonstrated the seaworthiness of the vessels in the waters of Harsfjorden. It was as still as a fish and moved just as silently.

"When it is windy and there is a heavy sea, it is almost invisible," Bjorn Willen said.

For safety's sake, "Stor-Klas" towed an orange fender behind it.

The R2 is 5 m long, weighs about 1,100 kg, and is designed to transport two divers with equipment. It has an operating radius of up to 20 or 30 nautical miles.

Made Of Plastic

The divers sit in full diving equipment inside an operator's compartment. A permanently installed gas system provides oxygen for breathing.

The egg-like vessel is made of plastic and aluminum and, thus, is nonmagnetic. The operator's compartment is surrounded with plexiglass and has the same navigating equipment as the smaller R1. There are compartments for the battery, glass bottles, and control and ballast tanks. There is storage space, an electric motor, a rudder, and a propeller at the very back.

According to the navy, the vessels are best suited as a means of transport for divers.

Delivering messages, replacing personnel in vulnerable positions, and transporting personnel and materiel for sabotage missions are some examples of tasks for which the vessels may be used.

Submarines and surface ships can be used as mother ships for the diving vessels, the smaller of which can be stowed through a torpedo tube.

A mission requires careful navigating preparations. A special plan is designed that includes courses, speeds, times, and depths.

"They are difficult to drive and navigate, especially in our dark and dirty waters, with poor vision. It takes a long time to master the instrumentation," Bjorn Willen said.

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ECONOMIC

DENMARK

#### ECONOMISTS ENCOURAGED BY LATEST EXPORT FIGURES

Copenhagen BERLINGSKE TIDENDE in Danish 24 Oct 85 Sect III p 24

[Article by Erik Bendt Rasmussen]

[Text] The investments in production and sales promotion are paying off. The trade figures for September show that industrial exports are increasing anew. The increase in exports is larger than the increase in imports.

Industrial exports have reverted to the growth rate recorded prior to the labor conflict in the spring. Machinery and technical instruments account for a considerable portion of the increase in exports. This appears from the preliminary trade figures for September.

The trade balance became better than expected by even the most optimistic economic experts. In real figures, the surplus amounted to 640 million kroner. Adjusted for seasonal fluctuations, the deficit amounted to 770 million kroner. Somewhat lower than expected by many economists.

#### Good Results

The most important thing to be noticed is the increase in exports. It appears that the investments in production and the sales promotion undertaken abroad have paid off.

In actual figures, imports in September amounted to 16.1 billion kroner and exports to 16.7 billion kroner as against 14.6 and 13.9, respectively, in August and 14.1 and 14.4, respectively, in September of last year.

Adjusted for seasonal fluctuations, imports in September amounted to 16.3 billion kroner and exports to 15.5 billion kroner as against 16 and 14.6, respectively, in August and 14.9 and 14.5, respectively, in September of last year.

Exports increased by nearly 2 billion kroner from August to September in terms of real figures. The figures include a large delivery of ships, viz. of 720 million kroner. The increase is of 20 percent and it is an increase of 16 percent over September of last year.

#### Ships Sales Improving Export Figure

The ships sold are partly used tonnage, partly an export delivery from Odense Staalskibsværft, a container ship for the United States. The amount paid for the ship is not under 300 million kroner. That certainly improves the export trade situation.

However, if seasonal fluctuations are taken into consideration and if deliveries of ships, for example, are left out of the picture, the increases, however, are smaller. Exports, nevertheless, increased by nearly 1 billion kroner from August to September, equivalent to 6.2 percent for one single month only.

Imports still show large rates of increase, which is due, among other things, to increased import of raw materials and machinery for the industrial sector. In actual figures, imports increased from August to September by 10 percent.

As far as the preliminary figures from the Department of Statistics are concerned, two columns for import and export are of special interest. A comparison of these two columns shows that exports actually increased more than imports. The figures for imports, adjusted for seasonal fluctuations, show that imports in August amounted to nearly 16 billion kroner and in September to 16.3 billion kroner. A comparison with the seasonally adjusted figures of the column of exports will show that exports in August amounted to 14.7 billion kroner, while exports in September amounted to 15.5 billion kroner. A seasonal adjustment means that ships are left out because they are often sold in lumps, and that the sale of old ships can hardly be included under actual export.

The Federation of Danish Industries declines to comment on the preliminary figures. This is a decision that has been adopted. The Federation of Danish Industries wants to wait until the revised figures are available. Verner Puggaard, political scientist and head of department, says:

#### Federation of Danish Industries Wants Better Figures

"We do not want to comment on these preliminary figures for the foreign trade because they provide an insufficient basis for making a reasonably detailed analysis of developments. The exact trade figures will be published in 8-10 days with specific groupings of exports and imports. We find that the Department of Statistics ought not to publish the preliminary figures but wait to publish the trade figures which form the proper basis for an evaluation.

#### Warning

Per Bendix, chief economist of Handelsbanken [The Commercial Bank] yesterday warned against attaching too much importance to monthly figures. It is the underlying trend which is more important, he said. Per Bendix is of the

opinion that things are going in the right direction, but he, nevertheless, expects a balance of payments deficit of 20-21 billion kroner.



The fully drawn line shows export trends in 1985, and the dotted line export trends throughout 1984. The line for 1985 clearly shows the reestablished stability of the export trade.

(Source: Privatbanken [The Private Bank])

Key:

1. Total export surplus of commodities
2. Million kroner

7262

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ECONOMIC

DENMARK

# SOVIETS EXPRESS DESIRE TO REDUCE TRADE SURPLUS

Copenhagen BERLINGSKE TIDENDE in Danish 26 Oct 85 Sect III p 1

[Article by Erik Bendt Rasmussen]

[Text] The Soviet state trading companies want to reduce the large Danish trade deficit with the Soviet Union. They want new needs to be covered, and 1,500 Danish industrial enterprises have been invited to participate.

The Danish trade deficit with the Soviet Union may be reduced if Danish export industries will make greater efforts. From the Soviet side, a willingness has been expressed to the Federation of Danish Industries and the Danish Embassy in Moscow to purchase more things in Denmark, but not only from the well-known Danish exporters to the Soviet Union. The Soviet state trading companies desire contact with other Danish industries which may cover new needs in the Soviet Union.

"In 1984, our export to the Soviet Union amounted to 1.2 billion kroner and our import 3.4 billion kroner, oil accounting for the major part of our import. On several occasions, we have mentioned the imbalance to the Soviet authorities, and they have answered that they would like to see the trade balanced at a higher level than the Danish export," says Svend Henriksen, president of the Federation of Danish Industries, who has contacted 1,500 Danish enterprises.

"In our opinion, it will be difficult increasing the Danish export to the Soviet Union unless we are able to get more enterprises to take an interest in exporting to the Soviet Union. It is quite clear that there is a big market, and we have to do more about it before other countries get into that market. It will be necessary for us to direct our attention more to the East. Denmark will have to look for new markets. We cannot, in the long run, manage on exporting to our neighboring countries," says Svend Henriksen.

The Federation of Danish Industries has asked the said 1,500 enterprises to submit descriptions of their enterprises as well as English-language pamphlets. The material will be examined and forwarded to the Danish Embassy

in Moscow, which will present the individual offers of goods to the relevant foreign trading companies.

Once the answers have been received, the Danish enterprises will be convened to a meeting within the Federation of Danish Industries, where foreign ministry officials and marketing people with experience in the Soviet Union will provide information on the Soviet market. Subsequently, a trip will be arranged to Moscow for a delegation comprising the firms concerned for talks with the foreign trading companies in question.

The Danish Embassy in Moscow has pointed to the following areas as suitable for export:

Agrochemicals, packing equipment, packing technology, internal transport equipment, energy-saving equipment and alternative energy sources. These are suggestions, and Danish industry is likely to come up with many other ideas. They are all welcome, the Federation of Danish Industries stresses.

The Danish export last year was mainly composed of grain for 317 million kroner, machinery for 356 million kroner and technical as well as scientific instruments for 221 million kroner. The Danish export to the Soviet Union is, indeed, growing. It amounted to 700 million kroner in 1983 and increased sharply to 1.2 billion kroner in 1984. Among the major individual exporters to the Soviet Union are Krøll Kraner [Krøll Cranes] and Vølund Miljøteknik [Vølund Environmental Technology].

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ECONOMIC

DENMARK

GOVERNMENT'S ECONOMISTS CONFIDENT OF LOWERED TRADE DEFICIT

Copenhagen INFORMATION in Danish 3 Oct 85 p 3

[Article by Hans Kornø Rasmussen]

[Text] Next year, our balance of payments deficit will amount to 15.5 billion kroner. The rate of inflation will decline and the rate of employment increase, says the report of the government's economists.

The government's own economists now expect the balance of payments deficit to amount to 20 billion kroner this year. Next year, it will drop to 15.5 billion kroner. This appears from the half-yearly report of the Economic Secretariat, which was published last Wednesday.

It is a major upward adjustment compared to previous estimates, though somewhat lower than expected by both the Central Bank and other economists.

Twelve months ago, the Ministry of Economic Affairs expected the deficit for 1985 to amount to 13.8 billion kroner. In the course of the summer, the figure was adjusted upwards to between 17 and 18 billion kroner, and a deficit of 20 billion kroner is thus now expected.

The Central Bank and several other bank economists expect the deficit this year to amount to between 22 and 23 billion kroner.

Last year, the balance of payments deficit amounted to 16.9 billion kroner, and in 1983 the deficit was "only" 10.8 billion kroner.

The government, however, is quite optimistic, as far as next year is concerned. The government's economists expect a deficit of 15.5 billion kroner. If the wishes of the government come true, it will be a question of a clear improvement. If the deficit is viewed as a percentage of the gross national product, it will be a question of a drop from 3.25 percent this year to 2.5 percent next year.

## The Domestic Economy

The economists of the government fully realize the problems in writing: "Actually, the balance of payments deficit in the past part of 1985 was considerably larger than expected, and it has probably been around 22 billion kroner during the past 12 months. With the exception of the good 1984 crops, the external conditions contributed to making the deficit in the early part of the year particularly large. The trends of many of the markets of Danish industry have been sluggish, the dollar rate of exchange has been high, resulting in a deterioration in the terms of trade, and the severe winter also played a role. Nevertheless, there is no doubt that the major reasons will, in particular, have to be sought in the domestic economy.

The economists of the government point to these reasons themselves: "It is more concretely the questions whether the industrial exports will be able to reach the volume which was the objective of the package solution and whether the rate of the domestic demand will slow down to such an extent that it will be a question of a more balance development in the entire economy."

## High Growth Rate

Next year, the government expects the Danish economy to get into full swing. The economic growth is expected next year to increase to as much as 3.75 percent, as against 2.5 percent this year. That is nearly as high as the record year of 1984, when the gross national product increased by 4 percent in fixed prices.

If the balance of payments is nevertheless improved, this is due to the fact that the government expects exports in 1986 to increase by 6.5 percent in fixed prices. At the same time, investments, which require a high level of imports, will not at all increase as sharply as they are doing at present. The fixed business investments will increase by 9 percent next year as against 18.5 percent this year.

At the same time, however, the rate of consumption will continue to increase. Next year, the government's economists expect it to increase by 2.5 percent as against 2 percent this year.

## Wage Ceilings to Be Exceeded

On account of the high growth rate, the unemployment rate is also expected to become lower than previously assumed. In their half-yearly report, the government's economists state that they expect an unemployment rate next year of 235,000 unemployed. When the budget was presented in August of this year, the government expected an unemployment rate of 247,000 unemployed.

The Ministry of Economic Affairs expects a total unemployment this year of 250,000 unemployed. The government thus expects a sharp decline in the unemployment rate. Last year, it was at 276,000 unemployed.

The economic growth rate and the declining unemployment rate mean that the wage ceiling agreed upon cannot be adhered to. They expect a certain amount of wage drift in the private labor market, and, next year, wage increases of between 2.5 and 3 percent are expected, where the wage ceiling had been fixed at 2 percent. The economists of the government, however, point out themselves that they probably are too optimistic in their estimates, and they also expect the salaries of salary earners to increase at an even higher rate.

Even if the pay ceiling will be exceeded, the wage and salary increases will be somewhat lower than during the preceding years.

#### Inflation Stopped

The most remarkable thing about the report is the expectations regarding the inflation. The rate of price increases will next year drop all the way down to 2 percent. That is over 50 percent less than this year, when the rate of inflation will amount to 4.5 percent. The declining rate of inflation--combined with increasing wages--will cause real wages to increase next year.

The available real income will, indeed, also be 3 percent higher next year than this year, which is the biggest increase experienced in many years. The greatest improvement, however, takes place among independent workers and pensioners.

In one area, the economists of the government appear to be somewhat concerned about developments. An increasing number of enterprises are working close to full capacity. If the economic activity in Denmark becomes too high, problems of capacity may impede an increase in industrial exports.

Or, as they write themselves: "The critical issue, therefore, is whether the trend of the domestic demand will lead to problems of capacity and at the same time, on account of an increased need for imports, hinder the expected balance of payments improvement."

#### Smaller State Deficit

Simultaneously with the publication of the half-yearly report of the Ministry of Economic Affairs, the Ministry of Finance published new estimates. The deficit on the state finances will next year drop to 20 billion kroner, which is 6.5 billion kroner less than assumed at the presentation of the budget in August.

The deficit this year is nearly unchanged at 35 billion kroner. The reason for the improvement is the government's expectation of a considerably lower unemployment rate next year.

"However, the declining deficit will not provide any scope for a relaxation of the expenditure policy. The expenditures of both the state and the municipalities have to remain unchanged," Minister of Finance Palle Simonsen (Conservative Party) tells RITZAUS BUREAU.



ECONOMIC

EUROPEAN AFFAIRS

#### EUROPEAN GOVERNMENTS IN CAMPAIGN OF PRIVATIZATION

Stockholm SVENSKA DAGBLADET in Swedish 7 Oct 85 p III

[Article by Karin Henriksson]

[Text] The Hague--On 1 January, the Dutch state-owned testing office for silver and gold--the Guarantee Office--will be privatized. The next decision to sell off a state-owned enterprise will concern the State Automobile Purchasing Board, which purchases all state-owned vehicles except those for the military.

The Netherlands does not have an especially large number of state-owned firms in comparison with the other West European countries. But despite that, a campaign for gradual privatization is being conducted by the coalition between the center and the right that came to power in 1982 and now has half a year remaining of its term of office.

It is noted in the report on state-owned firms--"Sale of State Holdings"--that the state-owned business sector totals 3.6 percent in the Netherlands compared to 11.9 percent in France and 11.2 percent in Great Britain. The par value of the state's stock in 40 firms is set at 3 billion guilders, or about 8 billion kronor.

#### Before the Election

All 14 ministries were instructed as early as 1983 to examine their activities and select something that could be sold. That phase is complete, and besides the 100-year-old testing office with its 70 employees and the purchasing firm, another five or six smaller units will be sold. A task force is also studying other state activities, and it is to have a privatization proposal ready before the election in May of next year for a decision by the new government.

It is already clear that the central bank--the Netherlands Bank--will not be sold, and that is scarcely surprising. The same is true of the NV, the state railways. On the other hand, there are many indications that the state is going to sell its 22-percent share in the Dutch Merchants Bank, the country's fourth-largest merchant bank. And Nellie Smit-Kroes, minister of transport and public works, said recently that he was favorable to the proposals to

break up the postal and telecommunications administration's monopoly. What those proposals recommended was that the sale and installation of telephones be opened up to private competition.

Most controversial is the demand by Minister of Finance Otto Ruding for privatization of the DSM, which, although the abbreviation stands for Dutch State Mines, is actually the company in charge of the country's natural gas operations. The guess is that the state would get 4 billion guilders, or nearly 11 billion kronor, from that deal.

#### Similar Debate

Arie van der Hek, a spokesman on economic affairs for the Labor Party (PvdA), regards the privatization campaign as "an ideological hobby" for the government--except when it concerns the DSM.

"It would be wrong to sell the DSM. Who would buy it? Well, some other petrochemical giant, and then we would lose control," says Arie van der Hek, who can conceive of selling the state's interest in the Dutch Merchants Bank, but says that otherwise, it must be remembered that the only salable firms are those that are profitable.

Similar debates have also been underway in the other European countries for the past couple of years, and similar lists of firms for sale have been presented. The most progress along that path has been made in Margaret Thatcher's Great Britain, where one giant after another has been put up for sale. In all, 12 firms with 400,000 employees have gone into private hands, while 1 million employees have become stockholders in their own firms. Of the seven groups of companies that were sold between 1981 and 1983, all but one (Associated British Ports, a port operating firm) have earned considerably higher profits since privatization, according to a summary published in the FINANCIAL TIMES. That newspaper also quotes the chairman of one of the firms: "Treasury's (the Ministry of Finance's) dead hand has been removed."

#### Eight Company Groups

It was announced in July that the Tory government has plans to privatize another eight state-owned groups of companies before the election next year, among them the gas company British Gas.

In the FRG, where there was great enthusiasm for privatization last year with, among other things, the sale of shares in the Veba energy group, Minister of Finance Stoltenberg has run into opposition. The Lufthansa airline company, which headed the want list of investors, should not be sold, says Franz Josef Strauss, who is on the boards of directors of both Lufthansa and Airbus, the European aircraft consortium. It is conceivable that new owners might question the purchase of more Airbus aircraft by Lufthansa, says Strauss, who has threatened to stop another, less extensive selloff proposal as well. He has said that he can go along with the sale of nonvoting shares. Still on Stoltenberg's list, however, is the proposal that the state's holdings in Volkswagen be trimmed from 20 percent to 14 percent.

In Italy, things are going fine for Romano Prodi, chairman of the huge state-owned constellation known as the IRI [Industrial Reconstruction Institute]. He appealed for privatization in May, and sizable portions of SIRTl, the telecommunications company, and ALITALIA, the airline company, have already been sold.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

## ENGINEERING INDUSTRY SEES GREATEST DEMAND SINCE 1975

Munich SUEDEDEUTSCHE ZEITUNG in German 7-8 Sep 85 p 33

[Text] The order books of the FRG engineering industry are currently bulging. Between January and July, orders received rose by 18 percent and the export business, with a more than 21 percent increase, advanced particularly sharply. In some categories, the available capacity is fully utilized so that overtime and longer delivery periods are the order of the day. At mid-year, the average backlog in the engineering industry--with about 1 million employees and DM 140 billion sales the most important industrial sector in der FRG--was 6.2 months, compared to 5.5 months last year.

According to a statement by Otto Schiele, president of the Association of German Machine and Equipment Builders (VDMA) in Frankfurt, orders on hand in the printing and paper, textile, and rubber and plastic machinery sectors have reached the highest level since 1975. On the other hand, aside from the agricultural machinery sector, such construction-dependent sectors as mining technologies, mountings as well as construction and building material machines are less fortunate. However, at mid-year, the average capacity utilization in all sectors had already reached 88.4 percent. As early as in June, 10 percent of all machine builders considered their production installations "as no longer adequate," according to the VDMA.

### Machinery Outdated

In view of this favorable situation concerning orders, the VDMA has raised its projected production increases for 1985 from 5 to 7 percent. The engineering industry expects considerable longer-term growth. Following an international investment low which lasted several years and had led, not only in the FRG, to the existing reserves of machinery having become outdated, the investment activity in the equipment area has rebounded in almost all mayor industrial countries, Schiele emphasized.

### Need for Skilled Labor

In line with the expansion of production, 26,000 jobs have been created in the engineering industry and short-hour employment has been cut to a few thousands.

"The positive employment trend in our sector is continuing, but increasingly hampered by bottlenecks in the search for skilled labor," Schiele said. In Baden-Wuerttemberg alone, 1,600 production jobs remained unfilled.

Therefore, the association is going to embark on a "qualification offensive" to provide retraining and more advanced training in information technologies. The VDMA already has submitted to the federal government proposals for intensive cooperation with existing training institutions. However, the industry association strongly opposes cutting overtime.

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ECONOMIC

FINLAND

FOREIGN MINISTRY OFFICIAL IN CHARGE OF EAST BLOC TRADE

Helsinki HELSINGIN SANOMAT in Finnish 22 Sep 85 p 42

[Article by Ritva Remes]

[Text] Doctoral candidate in political science Esko Hamilo, master of political science, 40, could not remember whether he dreamed of becoming a locomotive engineer or the driver of a street-cleaning truck as a child.

"It may seem naive, but this was actually the career I've always been interested in."

Hamilo is the head of the East Bloc Trade Office in the Foreign Ministry, or officially the bureau chief of the Office for Soviet Trade and Economic Cooperation.

Hamilo drifted into his favorite profession from Jyvaskyla. During his student years at the University of Helsinki he spent a couple of years managing the University Student Union (SYL) and occupying himself with other ambitions. It was a "checkered youth" some 15 years ago. He entered the working world in a couple of years, but "everyone said that it will be of use later. I myself was not quite convinced."

Hamilo was responsible for foreign affairs in the SYL administration. At that time he made his first trips to the Soviet Union. From that same period he is remembered for his leadership of Center Party youths studying in Helsinki. Hamilo said that he does not now have a membership card.

From West to East

Hamilo came to -- "we should probably say that I got" -- the post of bureau chief of the East Bloc Trade Office from the post of official secretary to Ake Wihtol. Under Undersecretary of State -- later Secretary of State -- Wihtol, Hamilo in a couple of years became familiar with the activities of the entire Trade Policy Department and the Foreign Ministry's field of operations.

Hamilo started to work at the Foreign Ministry in 1972 during the CSCE and then in London as a "handyman," as he put it. At the Foreign Ministry posts have the title of assistant.

Between times in Finland he was department secretary for EFTA and EC affairs in the Western Trade Office. In Brussels for 4 years he was the official who handled EC matters.

Hamilo admits that he is a Western trade man, the product of a varied career in the Foreign Ministry.

"You should not, however, jump to the conclusion that we would now try to conduct the East Bloc trade on the basis of the principles applied to trade with the West," he said.

Hamilo got his appointment in mid-June. Since his vacation, he has occupied his East Bloc trade post for 3 weeks and last week he made his first business trip to Moscow.

There are not -- at least not yet -- the ingrained habits expected of a government official, especially of an East Bloc trade official, in Hamilo. The language of the Friendship, Cooperation and Mutual Assistance Pact is put to the test with the basic language of detective stories and novels in the lobes of Hamilo's brain, which gulp everything down. The bureau chief has, however, had to ease up on Graham Greene; he has begun to revive his command of Russian based on his student days.

#### Details of the East Bloc Trade

Despite its name, suggestive of large size, Hamilo's East Bloc Trade Office is a small office composed of a half dozen officials. In the Soviet trade economic and TT [investigation bureau] commissions are separate from one another. The CEMA trade also has its own office.

Hamilo's office is responsible for the administration of trade with the Soviet Union and "a lot of practical and theoretical work." "I've already noticed that there's enough work," Hamilo smiled at his 3 weeks' experience.

Since the fall rush, Hamilo has gotten a good hold on the routine of the annual trade agreement negotiations, which will be resumed around Christmas.

In addition, they are now drafting a long-term program which will include an extension agreement. The agreement signed during President Urho Kekkonen's 1977 visit to Moscow has already been extended once, until 1995. Now being drafted is an extension agreement valid until the year 2000.

Hamilo also gained preliminary experience from the hubbub of the president's visit. The office prepares background material for visits to the Soviet Union. Mauno Koivisto's small-scale trip now in progress did not provide "very much" work for the office.

In a general sense Hamilo thought that the role of an East Bloc trade official was rather different from that of a Western trade official.

In the West, for example, a free trade agreement was reached over 10 years ago. It has been finely tuned since then, even if only with regulations governing trade barriers.

In the East Bloc trade the cooperation of officials is needed, being well-informed on details. In addition to trade agreements and the 5-year general agreement, officials have to exercise their influence on individual transactions through licensing agreements.

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ECONOMIC

FINLAND

#### PARTICIPANTS IN SOVIET TRADE SEEK RUBLE FLUCTUATION PROTECTION

Helsinki HUFVUDSTADSBLADET in Swedish 5 Oct 85 p 13

[Article by Patricia Winckelmann-Zilliacus]

[Text] Protection is being called for against fluctuations in the exchange rate of the ruble, for when the dollar declines the value of the ruble falls with it!

Bank specialists in exchange rates as well as Eastern trade experts working for large firms are advising small and medium-sized firms in particular to try to protect export revenues they expect to receive from the Soviet Union.

In the last 8 months the value of the ruble has declined by as much as 6.5 percent.

A lot of money is involved here. An export firm may sell goods worth 1 million rubles (around 7.25 million Finnish marks) to the Soviet Union with the two sides agreeing that payment will be made when part of the order has been delivered half a year later. A lot can happen to the value of the ruble in that time. If the exchange rate declines by 5 percent during those 6 months the company will lose about 360,000 marks. It could go the other way--the firm could benefit from an increase in the value of the ruble. But just now the ruble is following the dollar downward.

Like the Finnish mark the ruble is affected by the fluctuations of a handful of major currencies. The dollar has a very dominant effect on the ruble. The share of the dollar in the so-called Soviet currency basket is 42 percent. The next currency on the list is the German mark with a share of 19 percent. The strong position of the dollar means that when it rises or falls the ruble follows suit immediately.

Since March the dollar has declined by 21 percent and the ruble has declined by 6.5 percent.

Protection a Good Idea

Bank specialists in exchange transactions say that it is a good idea to protect oneself against fluctuations in the value of the ruble. Half a year ago

the ruble was still rising in value because the dollar was going up and not many people were interested in protecting themselves against those changes. Companies that exported goods benefited from their transactions.

But now exchange rate divisions are surrounded by concerned business people who are interested in the tendency of the exchange rate of the ruble.

About 2 years ago the Bank of Finland stopped dealing in futures, in other words protecting firms against variations in the value of the ruble. Regular banks took over this function fairly quickly.

One of the forerunners in this area was Kansallis-Osake-Pankki, KOP. Exchange rate expert and consultant Tapio Aho of KOP said it is fairly complicated to protect the ruble against exchange rate variations. The system is based on utilizing the currencies one knows the ruble will follow. Since 42 percent of the ruble's value is determined by the actions of the dollar, one protects 42 percent of the export revenue the firm anticipates against fluctuations in the dollar. One then carries out the same operation with the other currencies involved.

#### Pays Off

Antti Raikonen of Nokia is in charge of foreign currency trends and he told us that so far Nokia has not needed to protect itself against a decline in the exchange rate of the ruble. In a large company that deals in several currencies and imports as well as exports large quantities, the risks can be balanced off within the concern. But now the proportion of ruble sales is so large that Nokia will also start insuring its ruble revenues.

"It definitely pays off to protect export revenues against currency fluctuations," said Antti Raikonen. And he advised everyone who has anything to do with foreign trade to insure future payments. This may seem difficult and complicated to firms that have never had to do it before.

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ECONOMIC

FINLAND

#### FINNISH FIRMS HOPING FOR NEW SOVIET CONSTRUCTION CONTRACTS

Helsinki HUFVUDSTADSBLADET in Swedish 16 Oct 85 p 14

[Article by Birgitta Jernvall Ingman]

[Text] Finance Minister Ahti Pekkala will be among those attending the opening of the Kommunaar shoe factory in Reval today. The factory was built by Perusyhtyma at a total cost of around 200 million marks.

This comes at a time when Finnish construction in the Soviet Union is in a trough between major old projects that have been completed and new ones that have not materialized yet.

Just now 2,500 Finns are working on construction projects in the Soviet Union, around 1,000 of them in Estonia. In the winter of 1983, the peak year, there were 4,500 Finns in the Soviet Union and it is estimated that the number will be around 3,000 next summer.

The only Finnish project in the billion-mark class right now is the paper and cellulose concern in Viborg which will be ready in 1988 and is being constructed by Finn-Stroi.

"Many big projects are completed and we have not received an equal number of new orders. But it looks as if we might get some new projects early in 1986," said Timo Myllys, export chief for Finland's Association of Building Contractors.

#### Nine New Projects

In connection with the discussions on trade protocol in recent weeks nine new projects for 1986 have been mentioned. The volume will rise considerably during the early part of next year, but not as much as anticipated, according to Myllys.

The overall agreement for the 5-year period 1986-1990 contains construction projects worth a total of 1.2 billion rubles (around 8.7 billion marks) to be carried out in the Soviet Union. However the amount is not evenly distributed over the 5 years but will start off cautiously with perhaps 200 million

rubles earmarked for 1986. This depends among other things on reduced Soviet oil revenues.

Myllys would not elaborate on what the new projects in question might be.

"There are already a great many Finnish companies competing with each other and I do not want to intensify the competition. But several new projects will be started and some of them are quite large."

#### Three Kinds of Trade

It is in the area of clearing trade between Finland and the Soviet Union that Finnish firms compete with each other. When a project is planned in the Soviet Union a decision is made as to whether it will be a clearing (product exchange) or currency transaction.

Clearing projects are part of the exchange of products between Finland and the Soviet Union while currency projects are "international trade" deals where Finnish companies have to compete with Germans, Italians, Yugoslavs, Swedes and all the CEMA bloc firms.

The contract for building the pipe factory in Volgograd, for example, was recently awarded to the Italians, Myllys said.

As long as we practice clearing (bilateral) trade deals with the Soviet Union there will be a quota on our construction there, said Myllys. But we can also compete for currency projects, which has been much discussed in the past year. A third form is represented by compensation projects, in other words we build a factory which is later paid for by means of products from that factory. Currency is not required.

#### Financing Problems

Financing is a problem with compensation trade since the factory has to be ready before production and payment can begin. Some financing problems can also arise in connection with hard currency projects while protocol trade is guaranteed.

Something that has been increasingly discussed, mainly as a result of Soviet initiatives, is a cooperation in the Soviet Union between Finnish construction contractors and industrial firms from a third country.

"Just now 10-20 currency projects are being discussed and they will probably be awarded soon," Myllys said.

He said that a good deal of discussion is taking place with companies in various countries but as long as a project remains in the clearing trade sector it is impossible to include a third party.

### Projects Begun This Year

<u>Project</u>	<u>Location</u>	<u>Comple- tion date</u>	<u>Contractor</u>	<u>Value (in millions of marks)</u>
Drug factory	Moscow	1987	Otto Wuorio Oy	100
Factory for small house elements		1985	Oy Partek, Inc.	25
Dry products factory	Moscow	1986	Oy Lohja, Inc.	42
Water supply for cellulose factory	Sovetsky	1988	YIT	50
Cement factories	Moscow	1986	MNK	8
Food pavilion	Moscow	1986	Puolimatka	15
Electric plant clean-up	Vilna	1986	Puolimatka	3
Radio industry buildings		1986	YIT	35
Cellulose and paper factory, IV	Svetogorsk	1988	Finn-Stroi Oy	300
Sanitary paper factory	Kamenogorsk	1987	Keskus-Salo Oy	100
Tretyakov Gallery	Moscow	1987	YIT	100
Housing	Astrakhan		Oravais Hus	50

### Old Projects in the Soviet Union

<u>Project</u>	<u>Location</u>	<u>Comple- tion date</u>	<u>Contractor</u>	<u>Value (in millions of marks)</u>
Dairy	Norilsk	1985	Finn-Stroi Oy	200
Cheese plant	Labinsky	1986	YIT	155
Grain port	Reval	1986	Portal Group	450
Meat and fruit terminal	Reval	1986	EKE Engineers	250
Paper and cellu- lose factory	Viborg	1988	Finn-Stroi Oy	1100

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ECONOMIC

NETHERLANDS

## DE KONING ON STRUGGLE AGAINST UNEMPLOYMENT

Amsterdam ELSEVIERS WEEKBLAD in Dutch 21 Sep 85 pp 6-7

[Interview with Jan de Koning, Dutch minister of social affairs, on the occasion of the new budget, by Piet Goosen and Henk Schol, in The Hague; date not specified; ellipses as in original; passages enclosed in slantlines emphasized in original: " 'Satisfied? No, I Would Not Say That, But /Something/ Has Been Accomplished' "]

[Text] Minister of Social Affairs Jan de Koning defends the policy of the no-nonsense Lubbers cabinet through thick and thin. On being a second minister of finance: "You could not pay me a higher compliment." And so, no palliatives, but rather a strengthening of the market sector. And the deficit must come down. "But satisfied? No, I would not say that."

Minister of Social Affairs and Employment De Koning's heart was in his throat when he became minister in 1982. "Boys," he thought, "our whole labor system will be collapsing with a crash in the next few years! If things keep on like this, we will not be able to hold on!"

The day before the presentation of his latest budget he said: "Fortunately that did not happen. The Dutch labor system is still intact, workers are still being paid according to the CAO [Collective Labor Agreement], despite the fact that last year 850,000 people were trampling each other to get a job."

Anyone visiting the minister in his office will first pass through the "hall of ministers" with the guard of honor formed by his predecessors up on the wall. Den Uyl, who is closest to the door and who spent some of his less happy days in this same office, nonetheless looks reasonably cheerful. Relieved maybe? After all, two-dimensional behind glass seems to agree with him more than real life behind the desk.

And then: art. In the antechamber the eye is drawn toward a garish, chaotic play of lines and surfaces. A symbol of the social security system?

In his office the minister is constantly under the gaze of a thin, shabbily dressed gentleman with a very, very somber look. The title "The One, Real, Permanently Unemployed Worker" would not be inappropriate for this piece. A depressing painting, but "Listen, it does not bother me!" the minister says cheerfully.

The day before the opening of Parliament, we speak with Drs. (social geography) Jan de Koning. CDA [Christian Democratic Appeal] minister, began as a politician in the First Chamber, and previously minister of development cooperation and agriculture in successive Van Agt cabinets. As a result of his interest in

the Third World he has the Grand Ribbon of the Order of Merit of Cameroon and the Grand Cross of the Order of San Carlos of Colombia, among others.

His latest budget contains little that is spectacularly new. "Keep policy on the same course" is the credo of sailing enthusiast De Koning. As a little something extra in the election year, there will be slight improvement in disposable income for almost everybody in the Netherlands.

700,000 fellow citizens will miss out on that little gift though. Partly because they pay no social security contributions and consequently will not profit from the decrease in contributions which lies at the heart of the gift. Partly because they have been among the very poorest for years and this year received a one-time benefit on account of the hard winter, which as of now is not on the books for next year.

#### Emphasis

EW [Elseviers Weekblad]: The Lubbers cabinet catechism, the coalition accord, turned on three points that were in principle of equal weight. In practice the emphasis has been on financial-economic policy: rationalizing public sector finances and creating breathing room for a business recovery. Of a recovery in employment, the third point, there has been little or no sign. Naturally, for a good social policy you need a healthy financial-economic basis. But do you think now that your work as minister of social affairs and employment has gone fairly well? Can you feel satisfied with it?

De Koning: Satisfied? No, I would not say that, but /something/ has been accomplished. With the fall in labor costs our competitive position has improved. For the first time in years the burden from social contributions and taxes is down. Those are after all things that have a direct effect on that third point. In addition, we now see that employment is increasing slightly and that the number of unemployed is falling, for young people in particular. But yes, the number of unemployed is /still/ awfully high.

[EW] The fall in the number of young unemployed people, is that not mainly due to the fact that young people are staying in school longer?

[De Koning] That too. But more young people have gone to work. The proof of the pudding will be in how the youth work plans agreed on in various CAO's work out. If they succeed, then I think that we will see a continuous improvement for the young, particularly for school-leavers. My great concern is for the young people from 20 to 25 and for a group of academics just a bit older who have been unemployed over a long term. Those are the people that came on to the labor market in the bad years, that missed the boat, and will have a very rough time getting back on board again. The mere fact that you have been unemployed for 2 years turns out to be an enormous handicap in job-hunting. In such cases there is a prejudice, rightly or wrongly, that "there must be some reason why that boy or that girl was not able to find a job for 2 years."

[EW] Back to the big question. You are not satisfied, or only slightly satisfied. This cabinet has done all sorts of things, but unemployment has not fallen worth mentioning. Should the cabinet not have taken some initiative to get unemployment falling more?

[De Koning] I thought we did? We pumped 1 billion guilders a year into an employment plan for the long-term unemployed! Fine, that youth work plan is getting off to a slow start. So far, more far-reaching measures have come up against the... "unwillingness" sounds so unpleasant now, let me just say that society is not very ready to sacrifice the disposable income of those who are employed on behalf of a chance at a job for the unemployed. Whether you listen to the unions or to the political parties, for all of them it is "/quite/ OK with us" if disposable income is maintained. It is turning into a sort of 11th commandment. Cynical, I call it, in a society with so much unemployment.



[EW] Nonetheless you have your own responsibility as a minister? But apparently there was not a moment when you, or the cabinet, said to yourself: "/Now is the time/, we have to take the lead, have to take action"?

[De Koning] Things were not going so badly with the redistribution of labor that we had to intervene. Things were also not going well enough to make me keep my mouth shut. In the cabinet we worked out one measure: differentiation of social contributions depending on the degree to which labor was redistributed. We found that that was not only an extraordinarily unattractive measure, but also a very difficult one to implement. So we said: "Things are not going quickly, things are not going optimally, but on the other hand they are not going so wretchedly that we have to reach for horse medicine like that."

[EW] A little while ago you were still saying that the time was already ripe /then/ for what you called a disaster scenario.

[De Koning] If the predictions of doom-sayers like Van Dam and Den Uyl had come true, with a million or even one and a half million unemployed, then you would have had the social climate /and/ the financial-economic necessity to implement such a disaster scenario. But I would not want to describe that scenario. You would say "How did the man ever arrive at that?" if I told you what /that/ would have to look like.

[EW] Still, the Central Planning Bureau predicts unemployment figures of 1-1.8 million.

[De Koning] With all due respect, I do not believe a word of it. You can easily produce such figures, but the mere fact that they exist should be taken as a guarantee that they will not become reality.

[EW] You are an optimist?

[De Koning] Yes. With reason. We have remained in a position to improve our competitive position, though slowly. We have succeeded in bringing labor costs down. People appear to be willing, by and large, to content themselves with maintaining their disposable income, even at a time of economic growth and labor productivity growth. That is why I say: /that/ does not have to happen to us, what the Planning Bureau is predicting.

[EW] You think that the redistribution of labor is going fast enough?

[De Koning] No, I would be happy to see it going faster.

[EW] But not /so/ happy that...

[De Koning] ...I am willing to take steps to force the pace.

[EW] You seem to have doubts.

[De Koning] Constantly. But nonetheless I am always able to resolve those doubts reasonably well with an argument like the following: we have to have employers and workers /with/ us, and if we try to carry them in chains to where we want to have them, then it will turn out all wrong.

[EW] You just said that a disaster scenario would have to be implemented if unemployment came to one million.

[De Koning] Well, yes, just to define a limit.

[EW] You said it. But we already /have/ more than one million unemployed, although we do not register them.

[De Koning] For me the main thing is this: to help people looking for work get a job. The potential supply of labor is many times greater, but those people do not register for a job, so....

[EW] They will /certainly/ register when the social security system has been reformed, and the unemployment component has been removed from the labor-disability insurance.

[De Koning] That could be so, yes.

[EW] Those who are partially labor-disabled will soon have to head for the labor bureau, will they not?

[De Koning] If they should be looking for work, yes, they will.

[EW] Then the unemployment figures will shoot right up, will they not?

[De Koning] We are working on a regulation that will make an exception for the older labor-disabled, so the picture is still not complete, but on paper you can assume that, yes.

[EW] Are there no figures on that then?

[De Koning] No.

[EW] Has nobody taken that consequence of the reform into account? We can hardly believe that.

[De Koning] You first have to see how the reform shapes up. That regulation for older workers, that will be different. That will be where the bulk of the WAO [Labor Disability Act] people fall.

Looking for a Job

[EW] But is it not reasonable to suppose that soon the labor-disabled, whose benefits will fall drastically, will be looking for a job?

[De Koning] Yes, a number of them will certainly do so.

[EW] So the reform could well call that disaster scenario down on the country?

[De Koning] No, listen... no. It is very difficult to predict how those people will react. You therefore do not know what they will do in the new situation.

[EW] We are curious. Soon you will be examining them all again.

[De Koning] If possible. Let us first just try to examine all the people under 30 years of age. For the time being we will have our hands full with that. Then see what happens. Nonetheless, I still find it worthwhile. From a social point of view too. A person that is partially labor-disabled cannot be kept dependent on benefits his whole life, can he? That is not good for those people either. They will not see it that way, they will see it as a threat, that reexamination, but I think it is very much the right thing, from a social point of view too.

[EW] How many unemployed do we really have now? You know, people claim that in the Netherlands, if you take hidden unemployment into account and ignore the statistical changes (the 57 1/2 year-old rule, for instance), more than one million people are unemployed. Is that right?

[De Koning] That trick with the statistics is no trick. On the contrary. For some time now we have been registering people looking for a 20-hour a week job. Before, the limit was 25 hours. That added a cool 100,000!

[EW] What is the figure now?

[De Koning] I think that the right figure at this moment is on the order of magnitude of, say, 700,000. There are a number of people in the pipeline. They already have work but are still on the books. And those 57 1/2 year-olds, we have already said to them: "If you do not want work any more, you do not have to register any more." Well, they took advantage of that on a massive scale.

[EW] Your ministry is investigating "hard core" unemployment at present. How is that investigation coming along?

[De Koning] It is to be ready in April. We are somewhat the victims of our own progress. Everything we have is in the computer in Apeldoorn, and the trick now is to get it out again. We have too static a picture of unemployment. We know a lot. How long people are unemployed, what training they have, what sort of work they have done. But that is not enough to work out a good plan to approach the problem, together with employers and workers. It all turns on education. Our training capacity, especially for the long-term unemployed, has to be expanded. It is inadequate.

Roughly speaking, you can distinguish two groups in the hard-core. The one group faces the problem that it did not complete its training. It is strange, but those people are worse off than those that did not even begin any training. You are better off only having a HAVO [higher general secondary education], but having finished it, than having that HAVO plus an incomplete HTS [higher technical school] training. Strange but true, the latter group has a harder time getting a job than the former.

The second group consists of people whose work has disappeared. Those are people who until a year or so ago earned their daily bread by their physical strength. We do not have hod-carriers in this country any more; they have elevators on construction sites. Trucks do not carry a second man any more; hydraulic loading systems have taken their place. A secular change in our labor market! So we have to train those people. But that is a long road. You are talking not about tens of thousands a year but rather about hundreds of thousands, from 300,000 to 400,000.

[EW] Should labor costs not come down further in that case?

[De Koning] For some jobs that makes sense, for others not. After all we cannot make the pay of a hod-carrier /so/ low that he becomes cheaper than that elevator.

### Solidarity

[EW] "Cynical" you called the lack of solidarity between those working and those not working when it comes to redistribution of work.

[De Koning] Yes. But we /do/ have to notice that that solidarity between the active and the non-active has increased enormously. The average worker will soon be paying 15,000 guilders of his gross income for the costs of the social security system. There are limits to that.

[EW] There is the solidarity in labor costs.

[De Koning] True. And for years that has been passed on to the treasury and neatly taken care of in the deficit. Pay now, save later!

[EW] Would you like to keep a firm grip on disposable income in the coming years?

[De Koning] Insofar as that money can be spent usefully on redistributing work, yes. But disposable income also leads to sales. And sales are connected with investments, and investments with employment. So it always forms an entire complex, which you have to see in its mutual relationships. I am consequently in favor of trying, in the present budget, to bring about a little improvement in disposable income. In a slightly improving economic situation you must try to give things an extra nudge.

[EW] We will go back to the central question. Do you think that you have succeeded as minister of social affairs and employment? What are you going to tell people shortly when you crisscross the country in the election campaign? You are a candidate for the Second Chamber.

[De Koning] In far too high a place....

[EW] Do you not want it then?

[De Koning] Oh yes, I do indeed, but my party has to invest in the future, not draw income from the past. Therefore put younger people in prominent places.

[EW] Shortly you will have to defend your policy before the voters. Unemployment has only gone up, and it will not fall sharply in the coming years either. What are you going to say?

[De Koning] The cabinet policy has to be judged as a whole in the elections. Where were we in 1982? Gigantically rising unemployment, uncontrollable public sector finances, labor costs that had shot through the roof. Our assignment was simple: /that/ had to be turned around. Well then, that has been done. We are going in the right direction, certainly we are in a number of areas. Enough reason to continue with this policy and to give your vote to CDA.

No Small Thing

[EW] All very nice. Splendid that Minister Ruding has succeeded in getting public sector finances--mainly the deficit--under control and that Minister Van Aardenne has been able to get business on its feet again. No small thing, the pay moderation that workers and employers have agreed on. But now what? Unemployment still gigantic, social security massively trimmed?

[De Koning] Well now, "massively"... out of 110 billion guilders in payments we have just now saved 6 billion guilders, that is what you are calling "massive." OK, it is no small thing.

[EW] But the voter could ask when you are /really/ going to come to grips with unemployment.

[De Koning] Yes, yes. First let me say this: We have turned a constantly increasing deficit around into a decreasing deficit. We have turned constant losses around into a recovery in profits. We have turned ever-increasing unemployment around into stabilizing and even slightly decreasing unemployment. Note well: the unemployment is the end product of a number of unfavorable developments! The important thing therefore is that you turn those around. That you start moving in the opposite direction. That is the story. And I have no need whatsoever to present things as being better than they are.



[EW] The voter could well ask: "Will you prove that you are right? Will unemployment go down in 1986?"

[De Koning] Yes, that it will. Ought of course to have gone two or three times faster, but the structural problems are /too/ bad to permit that. Technological developments too--that elevator at the construction site--are playing havoc with us. But in the next cabinet term we can indeed eliminate completely the problems that arise from the economic situation.

[EW] You must have been a steady support for Minister Ruting?

[De Koning] That is right. Just admit it: with 850,000 unemployed a supplementary work program is sheer nonsense. You cannot design such a thing. We are now spending 2 billion guilders on extra employment programs. They give work to 15,000 people. That is nothing compared to the whole problem, is it? Only a coherent policy can alter this situation.

[EW] So no palliatives?

[De Koning] No. That would conflict with our objective of getting the deficit under control.

[EW] You do sound like a second minister of finance.

[De Koning] You could not pay me a greater compliment.

[EW] But this role you have taken on of sales manager for the rationalization policy is certainly a different one than the minister of social affairs' traditional role of "guardian of the consultative economy."

[De Koning] None of my predecessors--and they are all out there in the hall--was faced with 850,000 unemployed. Plus the real threat that it might shoot up to 1 or 1.5 million. So the circumstances call for other remedies.

Unions

[EW] Like passing advisory bodies by on the right and the left, and leaving the unions out of things?

[De Koning] Nobody is doing that. Advisory bodies can all take their sweet time to have their say. But if that say leads to the loss of employment, we will not follow it. With the unions we have no quarrel. Certainly not personally. Really, there is only one point of difference between us: the unions do not want rationalization in social security. They are prepared to pay higher social contributions instead. That is not compatible with reducing labor costs. In addition: if you say you want to maintain social security at the present level and /therefore/ to pay higher contributions, but at the same time you want to maintain disposable income--because otherwise you say you cannot accept redistribution of labor--then you are cancelling out a main point of your own policy.

[EW] So the unions make their own policy impossible?

[De Koning] I do not think it is coherent.

[EW] Surely it is no longer necessary to reform the system the form of cuts? After all, in the year 2000 or thereabouts, it will not even yield 4 billion guilders. Employers /and/ workers in the SER [Social Economic Council] are unanimously against the half-year reduction of the unemployment benefit to the welfare level. Is it all worth it?



[De Koning] Hey, hold it, beneath that apparent unanimity now there lies a deep difference of opinion. Employers want to cut much more by further reducing benefits! We do not want that. We do think it reasonable that older unemployed people should get a bit more protection and younger a bit less. At the same time that provides a bit more encouragement for them to look for a job.

[EW] The equivalency principle, the connection between contribution and benefit, is pretty far-fetched, according to the criticism from the social partners.

[De Koning] That is nonsense. You pay contributions at a certain level, and you receive a corresponding benefit. With the understanding that the risk of unemployment is precisely covered over a person's whole lifetime. Equivalent! Younger people receive a pay-related benefit for a shorter time, older people get it for longer. In addition, for people over 50 there is no longer any means-test for welfare. That seems socially very justified to me. After all, younger people have a much greater chance to start over again than older people.

Welfare

[EW] Welfare, will it stay at the present level?

[De Koning] My party's program hammers at the need to maintain disposable income for the lowest income groups. Therefore welfare cannot be lowered.

[EW] Imagine now that VVD [People's Party for Freedom and Democracy] and CDA, contrary to the polls, should continue to govern. CDA wants to cut 11 billion guilders in the next cabinet period, VVD would go so far as 18 to 20 billion guilders. You will not come up with a sum between the two by hiring one concierge less or buying one cannon less. We are talking about big money. And so we are talking about working conditions in the public sector and about social security.

[De Koning] If you want to cut in those areas at that order of magnitude, then I think it will be extraordinarily difficult trick to maintain disposable income.

[EW] It will have to be done, because what is the alternative?

[De Koning] Cuts could come, in fact will /have/ to come out of all those transfer payments heaped atop one another. The income-related subsidies and taxes. In my memorandum on income accompanying the ministry's budget, you will find excellent examples. It has gotten out of hand.

[EW] Everything is sort of linked to gross income.

[De Koning] Yes. Someone who works himself up from the minimum wage to the average wage will see no net gain out of that gross improvement. It is all siphoned off. The rent subsidy goes down, the study grant goes down, he has to contribute more himself for everything. So he has nothing left over. That removes every incentive to improve yourself.

[EW] What will this cabinet do about that? With the rent subsidy, for instance?

[De Koning] I think it will be best to leave that to the next cabinet.

[EW] So you will only pass the ball to the formateur [of the next government]?

[De Koning] Yes. And passing the ball is considered a fine thing in football.

[EW] In politics too?

[De Koning] If it does not help, what we have put down on paper, then I do not know what to do any more. Then I give up. We have published a report on incomes about this very problem. Nobody paid any attention! Nonetheless, it is incredible that we have let it get this far. You cannot carry on income policy like this, nor labor market policy, nor consequently employment policy. Look, on income policy I am a flexible man, you hear! It is a real worry for me. But if it is going to cost us work, if it is going to cost us people's motivation, /then/ I say: Hold it, boys, there are essential values of society at stake here.

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ENERGY

DENMARK

#### DRILLING CONSORTIUM STEPPING UP NORTH SEA ACTIVITIES

Copenhagen BERLINGSKE TIDENDE in Danish 25 Oct 85 Sect III p 11

[Article by Lars Dyrskjøt]

[Text] The reason for the increased activity is partly that, by the end of the year, A.P. Møller will have to return the remaining section of the Danish concession area--apart from the adjoining areas farthest to the south-west around Dan, Gorm and Tyra, and partly that DUC [Danish Underground Consortium] is in the process of constructing the two new fields Rolf and Dan-F.

The Danish Underground Consortium is at present in the process of performing two exploratory drillings and one drilling for valuation purposes. In addition, production drillings are carried through in two fields, as a result of which DUC, at present, has five oil drilling rigs in operation in the North Sea. DUC has just submitted an application for development of the Roar field, which is part of the gas contract with DONG [Danish Oil and Natural Gas].

The reason for the increased activity is partly that A.P. Møller by the end of the year will have to return the remaining section of the Danish concession area--apart from the areas adjoining one another farthest to the south-west around Dan, Gorm and Tyra, partly that DUC is in the process of developing two new fields, Rolf and Dan-F.

#### Twenty-Four Drillings

This year, DUC plans to carry through a total of twenty-four drillings, six of which are exploratory drillings and four of which are drillings for valuation purposes in the already ascertained hydrocarbon finds, and, finally, there are fourteen production drillings in the future fields of Rolf and Dan-F.

In the northern part of the Danish area, 95 kilometers north-west of the Gorm field and close to the Norwegian limit, the Glomar Labrador 1 drilling rig is undertaking an exploratory drilling, Kim-1, which DUC has had in

progress since 30 September. The drilling rig was rented by DUC exclusively for the purpose of the one drilling operation, which is scheduled to be completed in time for A.P. Møller to decide by the end of the year whether Kim is a find worth further exploration or whether the area will have to be given up immediately.

#### Jens Structure

Another exploratory drilling operation is being carried through by the drilling rig Mærsk Explorer at North Jens-1. The Jens structure is interesting for more than one reason. For one thing, Jens is one of the largest structures in the Danish section of the North Sea, for another it is located above another structure, Bo, for which DUC has already submitted a conditional profitability analysis. The very extent of the underlying Jens structure will be decisive for DUC's further plans.

At the Lulu structure, which contains gas, the fourth drilling, West-Lulu 3, is at present being carried through with the drilling rig Mærsk Endeavour, which will undertake the fourth and decisive drilling operation to determine the extent of the structure, which is close to the Norwegian limit.

#### Development

At the same time as DUC, in the eleventh hour, will be carrying through these final exploratory drilling operations in the northern part of the area, the consortium is bound by contract to develop a number of already ascertained finds. At the Dan-F field, Dan Earl is still undertaking new production drillings, so that the Dan field will be in production from two new platforms as of the beginning of 1987, which reflects a delay. The new Dan field may, on the average, produce 600,000 tons of oil annually. For the first year, however, a production of about 1 million tons is expected.

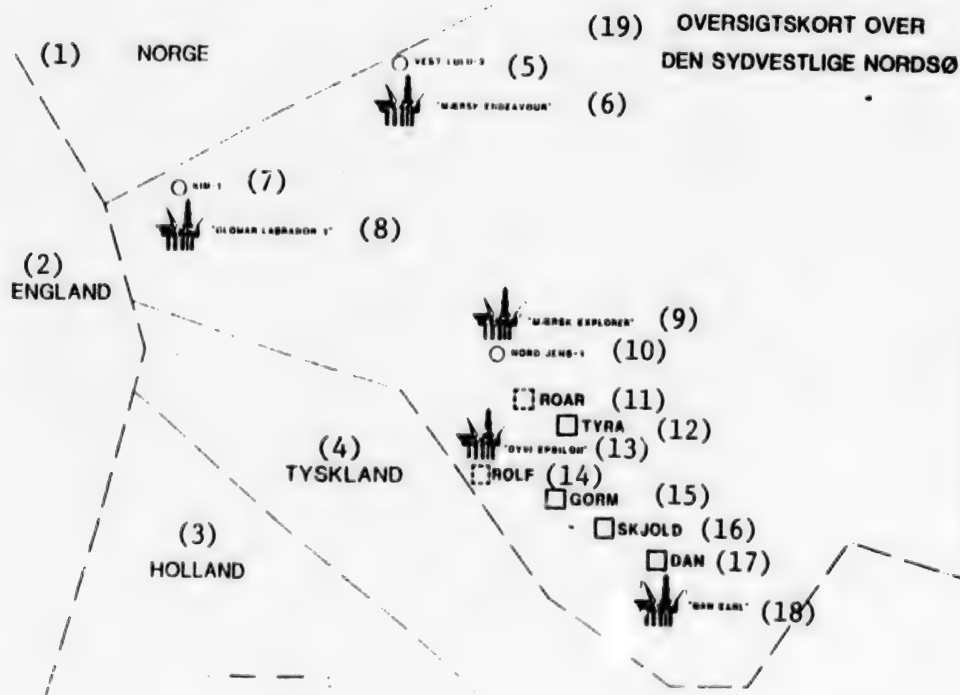
In addition, in order to carry through its extensive exploration program, DUC has borrowed the Dyvi Epsilon drilling rig from Texaco Denmark Inc. to be in a position to carry through the necessary two production drilling operations in the future Rolf field. Texaco is, at present, playing a dual role in the Danish concession context, in that it is both a participant in the Danish Underground Consortium and operator of the former Getty consortium under the second concession round.

#### New Gas Field

At the same time as the activities are taking place in the North Sea, A.P. Møller has, on behalf of DUC, submitted an application for an expansion of the Roar field for 2.5 billion 1985-kroner. The Energy Board has demanded that the Roar field be in production by 1 October 1989.

In its application, A.P. Møller states that the volume of gas deposits in Tyra has proved to be so large that, on the basis of the present gas contract with DONG, DUC will not need these gas supplies until 1991-92. For this reason, they wish to postpone the development of the new field,

which, with its combined production and extraction platform with 10 gas wells is expected to be operated unmanned. All management of the Roar production will take place from Tyra West.



Key Map of DUC's Activities

- Key:
- |                      |   |
|----------------------|---|
| 1. Norway            | 11. Roar  |
| 2. Great Britain     | 12. Tyra  |
| 3. The Netherlands   | 13. Dyvi Epsilon                                |
| 4. West Germany      | 14. Rolf  |
| 5. West Lulu-3       | 15. Gorm  |
| 6. Mærsk Endeavour   | 16. Skjold                                      |
| 7. Kim-1             | 17. Dan   |
| 8. Glomar Labrador 1 | 18. Dan Earl                                    |
| 9. Mærsk Explorer    | 19. Key Map of south-western part of North Sea. |
| 10. North Jens-1     |   |

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ENERGY

DENMARK

BRIEFS

OIL PRODUCTION INCREASING--The DONG [Danish Oil and Natural Gas] company, DOFAS [Danish Oil Supply, Inc.], will, in 1986, have at its disposal well over 1 million tons of crude oil from the Danish North Sea fields. That is equivalent to between 10 and 12 percent of the total Danish oil consumption, which amounts to approximately 10 million tons of oil on an annual basis. In 1985, DOFAS had at its disposal 850,000 tons, and the increase for next year is partly due to increased production in the North Sea, partly to agreements between A.P. Møller and the Danish state on options for the Danish state to purchase larger volumes of crude oil. The oil on which the state has an option will, in 1986, increase to 28 percent of the total Danish production of approximately 3 million tons, while the royalty oil--which is subject to a royalty paid to the Danish state--accounts for 8.5 percent of the production. Altogether, it is equivalent to a turnover for DOFAS in 1986 of 2.5 million kroner. Part of the crude oil will be refined at the Shell refinery at Fredericia, while the Esso refinery at Kalundborg and the refinery of the Swedish OK [Swedish Oil Consumers' Union] at Goteborg will refine the remainder of the oil. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Oct 85 Sect III p 3]. 7262

CSO: 3613/18

ENERGY

FINLAND

PAPER AGREES WITH REPORT ON NEED FOR NUCLEAR POWER

Helsinki UUSI SUOMI in Finnish 7 Sep 85 p 2

[Editorial: "Nuclear Power Plant Needed"]

[Text] In his opening speech of the semester Rector Juhani Jaakkola of Lappeenranta College, who has acquired a reputation for overturning images in energy issues, in his outspoken way asserted that the immediate procurement of at least a fifth nuclear reactor is more than appropriate and that a sixth should already be seriously considered.

Regardless of the different kinds of economic interests, the scientist's speech would favor the setting in motion again of a discussion of the procurement of the next nuclear power unit. The matter is, however, under consideration since the nuclear energy bill is being discussed in Parliament. Naturally, during parliamentary representatives' vacation nothing was done to enact the law. And in addition, due to extensive rounds of hearings by experts, it is anticipated that passage of the bill will even take another year.

It has been the custom of politicians to bat the difficult nuclear power issue about, appealing to the belief that there is not yet any urgent need for a decision. The record frosts of this January and February finally changed this impression to an entirely different one. Since then, they have no longer been able to speak of an overproduction of electricity the first time the Trade and Industry Ministry forecast exceeds the increase in electricity consumption, not to mention all the other forecasters who believe in a lesser increase.

At the present time sellers of electricity can no longer enter into sufficiently comprehensive new contracts with the lumber industry, among others, to supply electricity. In general switching to hot grinding, the pulp industry is not getting enough of the investments required to be able to compete because Imatran Voima [Imatra Power Company] cannot be forced to sell electricity to buyers at a profitable price.

There is already an urgent need for a decision on a nuclear power plant unit. As we know, it takes 20 years before the decision to procure one is executed to the stage of an operational power plant.

In time we will pay for putting off procurement of a new nuclear power plant with the growing unemployment that brings together with a weakening of our ability to compete. Perhaps some opponent of nuclear power plants is prepared to "sacrifice himself" and pay an electric bill that is as much as 50 percent higher than now if that could free him from the evil of a new nuclear power plant. But it would not help much since the percentage of electricity consumption accounted for by households is after all very small in comparison with industry.

Early this summer Center Party chairman Paavo Vayrynen came up with the idea of a national referendum on nuclear power. Behind this, of course, is the awkwardness of the issue for the party. Because of opposition to nuclear power, they have tried the same technique in breaking into the cities as they did in Sweden's Center Party in the 1970's.

The Swedish Center Party operation did not, however, lead to lasting results. And the foreign examples otherwise serve as a warning with regard to the procedures for reaching decisions on nuclear power. In Austria with a national referendum they mothballed a power plant that cost billions. Now they are hopelessly looking for a way to reverse the decision.

Differently from what we in Finland often believe, in Sweden there is a lot of nuclear power in spite of the national referendum some years ago. The problem, however, lies ahead of them, when the last units allowed by the national referendum are built. Will they then try to "interpret" the result of the referendum? There is at least no competitive alternative to nuclear power in sight.

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ENERGY

SWEDEN

## ELECTRICAL POWER SURPLUS GROWS AS LAST NUCLEAR UNIT STARTS

### Oskarshamn Unit Country's Last

Stockholm DAGENS NYHETER in Swedish 17 Oct 85 p 7

[Article: "Last Nuclear Reactor May Last 25 Years"]

[Text] Oskarshamn--After 15 years and 50 billion kronor in investments, expansion of the Swedish nuclear power program came to an end on Wednesday.

Oskar III, the 12th and last reactor in the Swedish nuclear power program, was dedicated with praise for nuclear power and harsh criticism of the Swedish energy policy in general and the decision to phase out nuclear power, in particular.

The new reactor at Oskarshamn cost 11 billion kronor. It produces more than twice the power generated by the earliest Swedish reactors.

### Misunderstanding

According to nuclear power interests, the reactor was built to be used considerably longer than the 25-year limit indicated in the parliamentary decision.

"The parliamentary resolution to phase out nuclear power by the year 2010 is based on a misunderstanding. The service life of the reactors is not 25 years. They are designed to operate for at least 40 years. If the present Swedish energy policy is carried out, however, the third reactor at Oskarshamn will be shut down in 2010 and replaced with something that clearly will be worse for both the environment and the country's economy."

"Personally, I doubt that this will happen," Goran Ekberg, chairman of the board at Oskarshamnsverkets kraftgrupp (OKG), said Wednesday at the dedication.

### Distrustful

But a new SIFO (Swedish Institute for Public Opinion Polls) poll shows that only one third of the Swedish people now believe in expanding the role of nuclear energy in the future. In most other European countries where nuclear

power is used, on the other hand, over 70 percent believe that nuclear power will be expanded.

One person who definitely believes in increasing the role of nuclear power is Hans Blix, director general of the International Atomic Energy Agency (IAEA), who was in charge of the dedication on Wednesday.

"The new reactor at Oskarshamn will stand up to inspection and its coming into being in a sometimes stormy political climate must be admired. By international standards, Oskar III is a remarkable model, an example to be followed, at least in countries where following this example is permitted," Hans Blix said.

Economy, safety, and the environment were cited repeatedly by the nuclear power interests as reasons to continue Swedish investments in nuclear energy beyond the year 2010.

But one of the major problems for the nuclear industry, a topic of lively discussion during the days of dedication in Oskarshamn, is how to change public opinion and create a climate of support for a new energy policy.

#### Paper on Surplus Problem

Stockholm DAGENS NYHETER in Swedish 17 Oct 85 p 7

[Editorial: "Unpleasant 0-3 Start"]

[Text] The Oskarshamn 3 reactor, the last and, along with the recently started third reactor at Forsmark, the largest in Sweden, has been officially dedicated. The final chapter of the Swedish nuclear power program was celebrated with a speech by nuclear power chief Hans Blix, a symposium, and a people's festival.

Now it is time to take care of the hangover. The startup of Oskarshamn 3 and Forsmark 3 provides an additional 12 to 14 TWh of electricity. This may be considered good: our oil dependence is reduced even more and the additional power corresponds to the amount produced by two large rivers in Norrland.

But the big problem is neither oil--consumption has been reduced drastically and continues to drop by 3 percent annually--nor hydroelectric power. The problem is our enormous surplus of electricity. There are few alternatives available. Phasing out nuclear power by the year 2010 will be more difficult when electricity consumption is pushed upward by low prices and subsidies.

The power industry believes that the reactors can operate for 40 to 60 years. The Conservatives no longer approve of phasing out nuclear power in the year 2010. They support the Secure nuclear reactor for heating. The parties that insist on ending nuclear power, but once helped expand the nuclear power program, are in a mess of their own making. They, i.e. the Social Democrats and the Liberals, could have stopped at least 10 reactors, but they clung desperately to totally unrealistic predictions. Oskarshamn 3 is actually a Social Democratic reactor--the Liberal Party government was forced in 1979 to



approve this 12th colossus in order to gain the support of the Social Democrats for the nuclear power resolution, which the Social Democrats later broke after Harrisburg.

As a result, we have far more nuclear power plants than we need. A majority of Swedes, 45 percent against 37 percent, are for nuclear power, according to a SIFO poll. This is far below the figure of just over 60 percent that supported alternatives 1 and 2 in the referendum. A massive majority (57 percent against 28 percent, second highest in the world) believe in the safety of nuclear power. After all, that is what the experts have promised us. The Swedes are also the most optimistic in the world with regard to the handling of nuclear waste, although there is widespread uncertainty here: 40 percent believe that the handling methods are safe, while 43 percent are not convinced--even though our experts have guaranteed us that they have found the solution! The concern is justified. Plutonium must be stored in isolation for 1 million years--for 10 ice ages.

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ENVIRONMENTAL QUALITY

SWEDEN

INGVAR CARLSSON, COUNTRY'S FIRST ENVIRONMENT MINISTER, COMMENTS

Stockholm SVENSKA DAGBLADET in Swedish 5 Oct 85 p 8

[Article by Torgny Hinnemo]

[Text] The phasing out of nuclear power by the year 2010, acidification, the catalytic purification of vehicle exhausts, and the removal of asbestos are the most important environmental matters requiring action by the government.

So says Ingvar Carlsson, the new minister of environmental affairs. He is convinced that there is a connection between environmental policy and the setback for the Social Democrats in municipal elections in a number of places:

"We made mistakes in our environmental policy, and when that happens, one may sometimes get one's nose tweaked."

As examples of mistakes at the local level, Ingvar Carlsson mentions planned industrial investments and new traffic routes.

No Interference in Local Affairs

On the other hand, he denies that the government, now that it is trying to strengthen its grip on environmental policy by appointing a minister of environmental affairs, intends to interfere with the local management of environmental issues.

"Instead, it must be an internal party issue."

Nor does the new minister of environmental affairs intend to go around talking about individual projects that were handled incorrectly by his party comrades around the country.

"I just want to learn from those mistakes for the future."

Ever since he entered the government in 1969 as Olof Palme's successor in the post of minister of education, Ingvar Carlsson has acted as a special problem solver, a fact that was emphasized by Olof Palme himself at Friday's press conference.

In 1973, Ingvar Carlsson was appointed to set up the new Ministry of Housing. In 1978, he was made responsible for coordinating the government's energy policy, which led to the referendum on nuclear power in 1980. Following the election in 1982, Ingvar Carlsson was appointed deputy prime minister, at which time he also took over the job of coordinating issues for the future--including research policy--within the government.

Ingvar Carlsson is keeping those responsibilities while also attending to the environment as an issue for the future.

"It is by introducing the environmental aspects at an early stage of the proceedings that we can assign them greater importance," says Ingvar Carlsson. "On the other hand, I consider it an advantage that environmental issues have not been separated from the present ministries."

Ingvar Carlsson feels that his own qualifications for taking charge of environmental matters are, among other things, the fact that he has been a member of the National Environment Protection Board and that he himself likes to devote himself to the outdoor life--by taking mountain walks, for example.

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